

**ELECTION WATCH '81**

## The mechanics

# Electoral rolls: clean but not completely complete

by Richard Fletcher

THREE days before the supplementary electoral roll closes party officials — especially Labour organisers — are still concerned the rolls are not complete.

One Labour official summed up his concern: "The cleanest rolls are not the best rolls."

There is no dispute over how "clean" and accurate the rolls are, compared with 1978, when omissions and duplications made the state of the rolls a continuing cause for controversy.

This year, though, in one electorate where Labour has been especially worried, Hunua, where some 1800 votes were disallowed last time, candidate Colin Moyle said the Post Office had been "extremely helpful" and party workers were happy with the co-operation they had been given

getting their people on the roll. Moyle said party workers had got 1500 people enrolled.

The problem in Otara, he said, was that much of the television and newspaper publicity campaign urging people to check they are properly enrolled went over the heads of residents and Moyle thinks up to 500 people have still to register.

A Post Office spokesman told NBR he believed the rolls were very accurate as a result of the roll revision undertaken at the end of last year, subsequent updates during this year and computerisation. The Post Office had taken over the processing of electoral rolls from the Justice Department and undertaken the extensive advertising.

But how complete are the rolls? The spokesman said the revision verified the accuracy of the rolls the Post Office in-

herited from the Justice Department after "cleansing", but it could be difficult to compare the adjusted rolls with the actual people living in any electorate without recourse to the detailed 1981 Census returns. Even so, the Post Office thinks it has picked up the overwhelming majority of voters, to justify the amount spent on advertising.

An Auckland Labour regional council member acting as one of the party's "roll watchers", Jock Palmer, told NBR Labour's concern went beyond Hunua and pointed to other electorates in the Auckland region, including Albany and Auckland Central.

In every electorate, he said, there have been people who have moved since enrolment.

The Post Office spokesman said that traditionally roll checking was done by the



Punched on to a terminal... another voter on the roll

political parties and a street-by-street habitation index was produced for this purpose.

The Post Office now undertook to do everything possible short of actual door-knocking, he added, in response to political party suggestions that postal officials should be

deployed on enrolment. The Post Office said it had out that anyone who did not appear on the rolls before election day was qualified to vote.

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# NZ Steel go-ahead raises fears of labour shortage

by Klaus Sorensen

LAST week's New Zealand Steel expansion go-ahead looks set to create major labour shortages for other North Island industrial projects.

Most of the construction demands of major projects in the North Island will peak in a similar 1983-84 time frame, and the promoters of them have been jockeying for a quick

get-away for their construction plans — in an attempt to get the first shot at a restricted supply of skilled construction labour.

Fletcher Challenge is known to be concerned at the effect the steel mill expansion — with its 2000-plus labour requirement — could have on its own manpower requirements for the fourth new-plant machine construction at Kawerau.

And the labour supply problem with its potential for an "auction" effect on wage rates, will affect a whole string of other projects such as the methanol plant, synthetic fuels plant and the Marsden Point refinery expansion.

The Major Projects Advisory Group has estimated the various peak on-site construction manpower requirements

and these show NZ Steel's needs are near the top of the list, with a manpower peak of 1300 for the stage one expansion (steel manufacture) and a stage two (rolling plant) manpower peak of 1000 jobs.

Next largest is the synthetic petrol project with a 1500 manpower peak on-site requirement, then the Marsden refinery expansion with a manpower peak of 1200, followed by the Tasman Pulp and Paper fourth newsprint machine which requires a manpower peak of 840 jobs.

The methanol plant construction will require 800 people at peak and the Carter Oil pulp mill expansion at Whirinaki will have a similar 840 manpower peak.

Other continuing developments such as North Island electric projects have an anticipated peak of 2000 jobs. The group has also produced

Continued Page 12

## Meat for ships deal

by Allan Parker

A MUTTON-for-ships barter deal worth up to \$21 million has been mooted as a solution to the impasse created by the Government decision to roll over fishing joint ventures for another year.

The Government move, announced last week, effectively stymied attempts by local fishermen to import up to \$30 million worth of second-hand vessels as part of a New Zealandisation programme within the industry.

But within two days of the Government announcement, representatives of the local industry, a banking group and a meat company were discussing the barter proposal with officials of a foreign embassy in Wellington.

Under the proposal, the local fishermen would secure vessels for New Zealand ownership from the overseas country in return for sales of mutton.

The deal is designed to give a fillip to the local fishing industry, the foreign shipbuilding industry and the depressed New Zealand mutton export trade.

The country involved in last week's initial discussions does not import New Zealand mutton. But a \$20 million mutton purchase would make it a significant customer.

Last year, the Soviet Union was our largest mutton customer, buying \$61 million worth of the \$161 million total sales.

The forecast for this season's mutton trade is bleak. The Meat Board has had to step in to the trade by publishing its own price schedule — a minimum 43 cents a kilo.

At that level, the Government is paying seven cents a kilo in supplementary minimum price subsidies, a level regarded as extremely high. The same level last year would have meant a \$7 million Government payout to farmers under the SMP scheme.

Last week's proposal was initiated after the Government go-slow on joint venture relicensing. The licences for the increasingly controversial fishing ventures will not now be reviewed until March, 1983.

At the same time, a decision to allow New Zealand companies up to 13 trawlers was put off by the Government. Those applications involved a variety of vessels from several countries.

The latest proposal involves the purchase of new, one-class ships from one source. This would result in:

- Spare parts availability;
- Simpler electronic and fishing gear;
- Similar servicing;
- A one-to-one purchasing deal;
- Bulk buying discount prices.

Additionally, New Zealand officers could be trained in sequence as each vessel goes down the shipbuilders' slipway. And modifications could be incorporated in following vessels.

The proposal is for up to seven new vessels, each worth an estimated \$3 million.

The parties involved in last week's initial discussions were said to be sufficiently interested in the proposal to ask for more detail.

There would be no doubt.

Continued Page 3



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## Truce in relativity row till the boat comes in

DIFFERENCES between the Seamen's and the Cooks and Stewards Unions have reached calmer waters, for the meantime.

Arguments over the relativity of a chief cook and a bosun and between an assistant cook and an able-bodied seaman tied up Maritime Carriers new ship, the Totara, in Australia for three weeks at a cost to the company of \$250,000.

The company, a subsidiary of Waitaki NZR, eventually threatened to withdraw its whole fleet from New Zealand but rather than lose the 23 jobs

the two warring unions reached agreement.

Members of the two unions flew out last week to meet the boat, the engineers and the deckhands who have been there for some weeks. The ship is now on its way to Auckland.

Maritime Carriers launched its new service in September.

The Totara, a roll-on, roll-off vessel, was chartered to replace the Waitaki on the Auckland-Sydney-Melbourne run.

The Waitaki is to go on the Lyttelton-Sydney-Melbourne-Wellington run. And the Dunedin, after being converted to carry containers, will go on

the Napier-Sydney-Melbourne-New Plymouth-Wellington run.

This service is designed to bring New Zealand's internal and trans-Tasman freight rates down.

The Totara spent some time in Newcastle, Australia drydocks to be refitted with the more spacious accommodation demanded by the New Zealand Seamen's Union.

Maritime's problems began when the ship was delivered into its care and negotiations began with the four maritime unions to man the ship. The seamen and cooks and stewards seasawed on classifications for the ship. The seamen, officers and engineers agreed to the classification originally assigned for roll-on, roll-off ships in this service.

But the four cooks and stewards aboard wanted a

classification that would give the chief cook parity with the bosun's.

So Maritime Carriers suggested the ship be classified in another class which would raise the chief cook's pay from \$19,242 to parity with the bosun's salary of \$20,000.

But the Seamen's Union would not agree to the bosun being paid less than a cook.

Maritime Carriers then tried another tack which was eventually successful offering to re-classify the ship 1D which would bring the wages fairly close together. This would have lifted the bosun's pay to \$20,476 and the chief cook's to \$20,000 and increased Maritime Carrier's wage bill by \$50,000 a year.

The dispute went to the Arbitration Court which, after a day-and-a-half hearing reserved

its decision and then decided it had no jurisdiction because the ship was still in Australia.

Waitaki NZR and Maritime Carriers executives harbour a suspicion that the union activities were designed to put the line out of business, handing trans-Tasman business to the state Shipping Corporation.

Asked about this, Cooks and Stewards Union executive Peter Cook said: "You've got the right idea, but I can't comment on it."

Cook said he was a "great believer in free enterprise — as long as they employ us."

Seamen's Union president Dave Morgan denied any antipathy towards Maritime Carriers, saying his union supported the Shipping Corporation as a primary policy but not at the expense of other companies.

The classification of the Totara is now the same as Union Rotorua and Union Rotoiti.

The company and unions concerned were reluctant to talk about the agreement once it was reached but the two awards expired on December 24 and the relativity issue will, inevitably, come up again.

Shipping sources believe the maritime unions are cutting their own throats. The return of coastal shippers to New Zealand promises more jobs for maritime union members.

And several overseas shipping lines now cross-trading with New Zealand are considering acceding to union demands to employ New Zealand crews.

This sort of costly industrial strife, these sources say, can only harden the resolve against employing New Zealand crews.

## Staff behind Wisdom

Auckland Bureau

RUMOURS that Air New Zealand chief executive John Wisdom is a strong contender to retain the post and postpone his impending retirement have been rife since it became known that industrial groups within the company have expressed support for him and urged him to stay on.

Wisdom has been conducting the airline's affairs with increasing confidence.

However, airline sources say

he is definitely not a candidate for the job and would be disqualified by the fact that he is a member of the selection panel. It is understood the board asked Wisdom to be a candidate when the job was advertised but he declined.

Meanwhile sources inside the travel industry say there will be some disillusionment if a staff man is promoted to the top job.

They are hoping still that an outsider will be brought in, someone not associated with the previous administration.

## Week that was

PRIME Minister Rob Muldoon told the Manufacturers Federation annual conference that New Zealand could not afford "soft" wage settlements. Referring to the recent Borthwick-CWS Long-burn proposals which the Government opposes, he said there was no future for a four-day or 35-hour week, and that a wage-tax trade-off was essential as part of the Government's taxation review next year.

ALSO speaking to the manufacturers, Opposition Leader Bill Rowling called for more adequate safeguards for manufacturers in the GMR package currently being negotiated with Australia. Rowling criticised the IDG in not dealing with "positive alternatives" in its restructuring plans but the top priority, he said, was stepping up the level of investment in manufacturing.

WORKERS at the Tawa Point smelter returned to the job after a breakdown to award negotiations. But there was still the prospect of the dispute continuing, as rolling strikes got under way.

THE United States House of Represent-

atives has passed a measure which could ban imports of meat produced using agricultural chemicals prohibited in America. A New Zealand meat industry spokesman said if the measure became law it would shut out New Zealand exports to America. In Washington there was evident uncertainty over what consequences the legislation might have.

## Week to be

MONDAY: New Zealand Grassmen's Association conference, New Plymouth, to Friday.

WILLIAMSON Jeffrey Ltd AGM, Christchurch.

WEDNESDAY: Dairy Board conference, Rotorua, to Thursday.

ARTHUR Barnett Ltd AGM, Dunedin.

THURSDAY: Allied Forensic Co-operative Ltd AGM, Auckland.

FRIDAY: Redmans Industries Ltd AGM, Napier.

SATURDAY: Credit union conference, Hamilton.

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## Avon board takes row to shareholders

by Warren Meyne

FOUR of Radio Avon's directors are going to shareholders for a decision about the future of the fifth man on the board — and maybe to find a replacement "whizz kid".

This is the issue chairman Paul Mortlock hopes will be resolved at a special meeting of shareholders he has called for Monday, November 30 — a board decision that aroused speculation about the Christchurch private radio whose financial results and audience ratings have taken a tumble over the past year or more.

But late last week it was made clear that the unprecedented call for a special meeting — backed by some 24 shareholders representing about 40 per cent of the company's ownership — was to resolve what have been called

irreconcilable rifts around a board table whose membership has not changed in Avon's 10 years.

NBR understands several shareholders are planning to support Christchurch car dealer Jack Henderson — of Todd franchise holder Cooper Henderson Ltd — as a board candidate.

It is apparently felt that Henderson could contribute his marketing experience to the benefit of Avon which, according to one businessman close to the board, "seems to be playing the wrong tune at the moment."

NBR could not confirm Henderson's interest — he is in the United States.

The company last week notified shareholders of the meeting, "by reason of a lodgement of a requisition under the Companies Act 1955."

Mortlock lodged the requisition and the notification came as news to almost all the company's employees.

Suggestions that either Avon's nosedive in ratings — to a mid-year 18 per cent audience share from regular 50 to 55 per cent ratings four to five years ago — or its 21.9 per cent profit drop in the latest year had led to the meeting were quickly discounted.

The station's own latest McNair survey, now being circulated to advertisers, showed a 6 per cent recovery and even bigger gains in the station's 10 to 40-year-old target audience.

Mortlock told NBR the meeting to give shareholders the chance of "electing new directors in place of, or in addition to the present board" did not affect executive director and station manager Noel Wesley.

"From time to time directors discuss the constitution and membership of their board and the respective contribution of each towards the company and the advantage of change," Mortlock said.

"It is customary for these changes to come about by

means of resignation, and unusual for changes to be made by the chairman requesting a meeting to implement major changes desired by the majority of directors.

"We have to be careful to do things in a gentlemanly way; it must be self-evident this step is

taken by a majority of directors. And obviously I wouldn't be chairman if I disagreed with the change."

Mortlock agreed that the calling of a special meeting was unprecedented — "not done unless really necessary."

## Railways computer system for export

by Stephen Bell

NEW Zealand Railways and local software house Frogeni have embarked on a joint venture to sell the Railways' computer-aided traffic monitoring system overseas.

The system which began in the Hawkes Bay area in early 1979 has now been running nationwide for almost a year and is well proven enough to begin

seeking other markets, said John Wood, of Railways management services division.

Interest has already been expressed from Australia and India leading Railways to explore a joint marketing effort. Frogeni was enthusiastic about participating in the effort and, as a firm with a New Zealand head office and overseas contacts,

made a singularly appropriate partner.

The joint venture will not merely be selling a suite of computer programs, Wood emphasised.

While Frogeni will be the marketing spearhead, back-up and surrounding services from Railways personnel is an essential element of the "package".

## Mutton barter deal

From Page 1

flak from other quarters such as the fishing interests whose ship investment plans have been scuttled by the latest Government action.

They would need reassurance that they would not be left out of any deal if the new proposition went through.

Equally, New Zealand's small shipbuilding industry would claim that such a deal would sink its own growth

prospects, along with the job opportunities it provides.

The Government has already acted on Industries Development Commission recommendations by providing a raft of assistance measures to protect and promote the industry here.

It would be a delicate and difficult exercise to circumvent those measures.

The initiative put forward last week has a long way to go. But it has not been rejected by the parties involved so far.

## "The fish'n chips tasted better for being served in newspaper"

John van Camp, Managing Director of Van Camp Chocolates Ltd, holds very definite views on marketing. To him, packaging is very much part of it.

"Our family has been in chocolates for four generations. We can't compete with the mass manufacturers, so we concentrate on a quality market, the gift market. Our packaging must reflect that market, it must reflect the gift nature of our product as well as its quality. We make expensive chocolates, good chocolates, so when they're given they must justify the selection. Giving Van Camp chocolates makes one feel important. The packaging has to reflect that feeling of importance. "With packaging it's so easy to be wrong, especially in our line. High volume lines have all the techniques of market research available to them. We're not so lucky. Much of our packaging decisions are based on personal judgement. I usually know what is wrong. The hard part is knowing what is right."

"Packaging must be chosen for the product. A most interesting example to demonstrate the role of packaging occurred recently at an elegant restaurant. Someone in our party remarked that it was a pity one couldn't get fish 'n chips at such a restaurant. The remark was overheard by the waiter who informed us that fish 'n chips could indeed be made available.

"Fish 'n chips were ordered and duly arrived, wrapped in newspaper presented on a beautiful silver dish.

"Packaging gives charisma to a product. The fish 'n chips tasted better for being served in newspaper. Chocolates taste better attractively presented. One must choose the package that suits the product, bearing in mind what is expected of the product. It's difficult to sell chocolates in a brown paper bag and the best fish 'n chips in the world wouldn't, I believe, taste right served on a Royal Doulton dinner set.

"How do I approach a packaging job? Well, I must decide what is expected of the product. Then I have to ask who is going to buy?

Learning about your market. "Our Florentine Basket, a chocolate basket and egg for Easter, is a good example. The first year we produced it, there was no packaging other than cellophane over the foil wrapping. The following year we produced a special package to attract attention and reduce breakage. Sales went up 1500 per cent."

"We knew chocolate lines such as the Florentine Basket went mainly to women. Men might buy it, but in the main it's bought for gifting. Men usually buy for women, not the other way around, so we made the pack pink. And we made it pretty and feminine.

"I'm sure the look and feel — the charisma — of the pack had everything to do with that increase in sales."

### Working together

"We're fortunate with the packaging company we use, Peerless Packaging. Wallace Overton of Peerless and I work closely together. It's the only way to achieve what



we want. As product and packaging must work as one, it stands to reason the client and packaging company must work as one as well.

"I will say that if it wasn't for Wallace Overton we wouldn't be where we are today.

There is another type of packaging of course, transit packaging or packaging purely for protection. Chocolates do tend to be fragile and to get them safely to the retailer we use corrugated cartons.

"Again, we work closely with the packaging company, in this case, Kiwi Packaging. Their carton design and pallet layout is, I reckon, fundamental to the success of our distribution system."

Paperboard. "Why is so much of our packaging made from paperboard?

"Well, what are the alternatives? As far as we're concerned there are two criteria — quality and cost. We have a quality product that must have a quality look to its packaging. Paperboard allows us to achieve this economically. What more can you say?"

*John van Camp*

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## Petrol rationing coupons readied for use

by Ann Taylor

PETROL rationing is on the cards — literally. Coupon books have been secretly printed in Dunedin in sufficient quantities to start the scheme throughout the country.

The rationing idea has been around since the end of 1979. It has now been refined by the Ministry of Energy to a scheme which would take three months to put in place if there was an expected 15 per cent shortfall below normal supplies for six months.

Now Dunedin's Wycliffe Press is running off standby supplies of coupons, though admitting no more than that it had won the tender from the Government Printer for "the top-secret job".

Sources suggested to NBR the ministry's "contingency" scheme could well be included among the Government's employment policies, given the numbers of people required to service it.

Essential (life-related) and priority (work-related) users would have to apply to a new bureaucracy that would be created to run rationing.

The Post Office would be responsible for issuing coupons to ordinary private users and those described as "non-essential" — once they had produced duplicates of warrant of fitness, registration and driving licence — another innovation in the scheme.

About 1000 people would be employed to ration petrol at a cost of \$15 to \$20 million, if the standby scheme is brought

into operation by regulation. About 100 million litres of petrol has to be held in reserve at all times in port stocks. Whatever is available at any given time above this reserve level would then be rationed among four user groups.

An open market is envisaged for the resale of ration coupons.

The coupons commissioned from the printers are for two, 10 and 20 litres rations. NBR could not find out how many coupon books had been printed. But the country uses about 2000 million litres of petrol a year and rationing would be

imposed in four-monthly bursts, according to the ministry's contingency plans. Other restraint measures would be used before rationing was imposed, such as the prohibition of weekend petrol sales, for which regulations already exist and have previously been put into action.

Rationing regulations have not yet been introduced but the Petroleum Demand Restriction Act 1980 would allow them to be introduced by Order-in-Council. The regulations have been drafted this year.

## National Bank gets into travel

by Claudia Perkins

THE National Bank has moved into the travel business from this week. It becomes the last of the five major trading banks to market travel.

The project is tentatively called Black Horse Travel but it is understood the name will be changed as the full programme develops.

One source says the bank will ultimately purchase fullscale

domestic and international holidays of an innovative and unusual nature.

The first stage of the marketing plan was launched last week with an executive travel scheme available to company holders of the Visa card.

It offers discounts on Budget car rentals, and discounts through hotel chains, notably DB Best Western and Travelodge. In February, the

bank will issue an informational booklet on its travel services.

No official information is available from the bank yet on the range of travel services it will market but it is understood it will not get deeply into the retail business. Rather, it will work through a chain of preferred agents.

The bank's involvement will basically be confined to

preparation of travel packages and their financial support.

One of the programmes will involve inbound travel in a joint arrangement with Lloyds banking group.

It is understood the bank will not join the Travel Agents' Association of New Zealand but has an insurance scheme which will effectively bond itself to ensure customers cannot lose their money.

## Car assemblers take hard line on pay demands

by Allan Parker

THE Auckland car assembly industry is on a potential collision course with its thousands of employees over this year's wage negotiations.

In an effort to stop the ratcheting effect of past negotiations — when combined unions have dealt with individual companies — the six Auckland assemblers are insisting on one regional agreement.

To strengthen their position and resolve they have formed an industrial union of employers.

The unions, however, are resisting the move. They argue that a single regional agreement will restrict their negotiating freedom.

If the disagreement results in more open confrontation — which is what the employers say their approach should avoid — the industry will be in the

embarrassing position of facing an Industries Development Commission probe later this month as an embattled operation.

At a time when the efficiency and value of the industry is coming under IDC scrutiny, such a situation would be "crazy", as one industry employers' source put it.

Delegates from two of the major unions involved met with the employers in Auckland late last week.

They will now hold a series of stop-work meetings to discuss the employers' move — and a draft regional agreement prepared by them — with the thousands of workers involved in the assembly plants operated by Ford, New Zealand Motor Corporation, Mazda, Toyota, Nissan, Datsun and Motor Industries.

On November 9, combined

union delegates and organisers will meet and the union strategy to the employers' approach is expected to emerge from that meeting.

Most of the current agreements expire towards the end of this month, the time when the first series of public hearings into the industry will begin in the IDC's Wellington hearing rooms.

The employers' move is another step in a long-term plan to have a unified approach to union negotiations and agreements.

Traditionally, the combined unions have negotiated individual agreements with the separate companies in Auckland. They have then been able to wrest similar concessions from the other companies.

In turn, this ratchet approach has moved to other centres,

most notably to Wellington.

Growing concern at this practice resulted in a sharp employer response in Wellington last year.

During a strike against one of the Wellington assemblers, all four Porirua and Hutt Valley

assemblers — Ford, General Motors, Todd Motors and NZ Motor Corporation — issued suspension notices to their 4000 employees.

That brought in the Federation of Labour, lifted the strike and enabled negotiations to be

resumed on the issue.

At the time it was regarded as a unique exercise in employer solidarity against perceived union intimidation.

It was certainly a rare display of the economic power of industry groups.

## Borthwick deal settled

by Allan Parker

A COMPLEX financial restructuring of the giant international meat trading company Thomas Borthwick and Son — including the New Zealand leg of the operation — was sealed in London last week.

The deal, revealed in NBR on September 21, involved the agreement of 33 banks from throughout the world as well as New Zealand financiers of the

local company, Borthwick CWS Ltd, which runs four North Island freezing works.

The New Zealand company accounts for about a third of the British-based group's activities. It also has a presence in Australia.

The restructuring was initiated by the company after continuing high losses by the British parent of the multinational company.

Late last week, the British company reported to the London Stock Exchange that "improved arrangements" for finance had been agreed with

the large group of banks. The arrangements are to remain in force until the end of November, 1982.

The arrangements for the restructuring of the New Zealand company are longer-term than the British part of the deal. They are aimed at reconciling the interests of the various parties associated with the group, including the six financiers in New Zealand — the Development Finance Corporation, the National Bank, the Bank of New Zealand, NZI Securities, Chase NBA and Wells Fargo.

## Art for party's sake

by Richard Fletcher

LABOUR has an artful dodge that could add an extra \$10,000 to the party's election coffers, in what is almost an "Artists for Rowling" movement.

An Auckland art auction later this month will see proceeds donated to Labour Party funds, courtesy of a dozen leading artists.

The works will be on show at Auckland's Denis Cohn gallery before going (figuratively) under the hammer on November 21.

Organiser Joan Anderson — wife of party president Jim Anderson — is hoping the auction will raise about \$10,000.

Artists contributing include Toss Woodlston (whose son Phil is Labour's Nelson candidate), Don Driver, Michael Smithers, Nigel Brown, Pat

Hsny, Claudia Pond-Eyley, Ralph Hotere, Sylvia Siddell and Tony Fomison.

Joan Anderson described the response to the idea, especially from Auckland artists, as "incredible". Works offered ranged from oils and watercolours to three-dimensional works and pottery. Auction organisers are hoping that the joint exhibition by such a prestige group of New Zealand talents would attract serious collectors.

The party approached a selected number of artists, and only two or three were unable to contribute, though some had sent donations instead.

The auction publicity poster, designed by Bill Apple, is dubbed "Bid for Change". The reserve price on at least one of the works suggests there will be little change from \$1000.

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## Editorial

THE Government has stalled for time by declaring itself in support of participating in the Sinai peacekeeping force only "in principle" at this stage. But the decision means that, "in principle", we are poised to become embroiled in the volatile and turbulent politics of the Middle East.

A key factor in the Government's final decision is bound to be the level of commitment from European and Commonwealth countries. Similar approval to joining the force already has been given "in principle" by Britain, France, Italy and Australia.

The Americans hope to set up a multinational force of some 2500 troops to oversee the Camp David accord and keep the peace when Israel withdraws its troops from Egyptian territory in the Sinai next April 1. The recently assassinated Egyptian President Sadat agreed reluctantly to the peacekeeping idea, after the UN refused to co-operate (mainly because of Russian objections).

The plan ran into immediate problems when some of the countries that were asked to take part — such as the Scandinavians — expressed reluctance lest they compromise their neutrality. Other European countries were anxious not to antagonise the oil-rich Arab countries which oppose all aspects of the Egypt-Israel peace treaty.

The line-up of Western nations now showing a willingness to join the force may be regarded as a triumph for American diplomacy. But the catalyst was Sadat's death, which threatens the political stability not only of Egypt, but the whole of the

Middle East. The focus of Western anxiety is on one commodity — oil. The Persian Gulf region accounts for some 40 per cent of the non-Communist nations' oil supply; the cutting off of Saudi Arabian supplies alone would result in economic chaos for the West.

Egypt, of course, has become strategically critical to American interests generally, and its continued sympathies to the US are vital to the establishment of a US military presence in the Middle East. Thus the Reagan Administration must keep Cairo from aligning itself with the anti-Israel Arab world — a move which could spark a regional war (perhaps involving Soviet and American troops) and generate another oil crisis.

According to Business Week, in the tense aftermath of Sadat's assassination, "the Reagan Administration quietly began preparing to go to war if necessary to prevent collapse of hard-won US influence in the Middle East." Administration officials have affirmed that Washington intends to do whatever is necessary to protect Egypt, not only against Libya, but also against internal anti-American elements. All this is ominously reminiscent of American efforts to support the unpopular Shab. But when it comes to the crunch, Reagan is unlikely to lay off in Egypt as Carter did in Iran.

There are no similar strategic imperatives in the Middle East to impel a New Zealand military presence in the region. Rather, our foreign policy is succinctly described by Prime Minister Rob Muldoon as "trade", and our major

trading partners in the region are Iran and Iraq. Both oppose the Camp David accord. Iraq's Ambassador to New Zealand, Faris Abdul Karim al-Ani, warned in June that the establishment of a force would be regarded as hostile to Arabs and "in our opinion it would be better for the interests of New Zealand not to participate..."

Federated Farmers president Rob Storey — expressing a personal view — said there were more disadvantages than advantages in joining the peacekeeping force. He, no doubt, appreciates that for the first time, more lamb is expected to go to Middle Eastern markets this season than will go to Britain, and that New Zealand exported more than \$250 million worth of goods to the region last year. We imported half our oil from Saudi Arabia.

On the other hand, our trade with Israel is negligible; Egypt has promised much in potential but yielded little in reality; and our trading relationship with the Americans has become strained in the last week. Indeed, at the same time as the Americans have been pressing us to join the peace force, both houses of Congress were amending agricultural legislation which purports to be a health measure (apparently inspired by the kangaroo meat scandal), but bears all the signs of an unabashed protectionist barrier. Simply, it would stop our \$484 million a year meat trade (and the United States is our biggest beef customer).

The possible repercussions give much greater cause for disquiet — America's trade partners may retaliate and set up

their own protectionist barriers. These would hurt us as much as — if not more than — the Americans. And so we have good cause to hope that the legislation is comprehensively changed before its enactment, or that Reagan — whose Administration is committed to free trade principles — exercises his presidential veto.

Irrespective of our trading difficulties, the Anzus treaty commits us to a military alliance with the Americans. But it does not oblige us to endorse American policies. More important, its focus is on the Pacific — the region in which we do have a strategic as well as an economic interest. Putting troops into the Middle East at the behest of the USA — whose track record in that region is lamentable — is thus a matter which demands deep deliberation.

Prime Minister Rob Muldoon, alas, has declined to say what factors remain to be examined before a final decision is given by a Cabinet sub-committee. This deprives the public of an appreciation of the considerations which might justify a decision to proceed (which could mitigate against popular support being given to a commitment of troops). More important, it fosters the suspicion that the arguments in favour of supporting the peace force are outweighed by those which suggest we should stay out. And so we will seem to be prejudicing the trading relationship which we have carefully nurtured in the Middle East to help out an ally which is legislating to deal our meat exports a crippling blow.

— Hob Edlin.

### Brockie's view



### Without word of a lie

#### Found: one party hat

THE stetson — property of Brad Fisher, creative director of the National Party's election campaign this year — is an integral part of his attire. And parliamentary sources initially suspected its disappearance was the work of saboteurs either within the party, or of radical fringe groups.

But these fears were allayed when the tergal hat was found contralled in a safe, where it had been put for "safe-keeping". Fisher, dubbed by National Party intimates at the party conference as "The Urban Cowboy" for his flamboyant dress (cowboy boots, open-necked shirts, a tanned leather belt complete with ornate silver buckle and dark glasses, not to mention the elusive stetson), has been imported by Dobbs Wiggins McCann Erickson to write copy for the election campaign.

Despite his high profile around Parliament, it seems that his agency has other plans for him. When NBR tried to approach Fisher to question him on his philosophy of marketing a political party as distinct from, say, a bar of soap, we were continually thwarted. Initially we approached Randall Dobbs, of Dobbs Wiggins McCann Erickson in Auckland, who passed us to Dave McKenzie, the Wellington manager, who in turn passed us back to Auckland to try Fred Dobbs, a close friend of the Prime Minister. Dobbs issued an ultimatum — nobody was to talk to the urbane urban cowboy until after the election, not even about his hat.

#### Cubic inflation

THOSE mind-bending and wrist-wrecking cubic cubes have got Customs perplexed. It's not so much getting all the colours on the proper sides as figuring out who is making so much profit from the cubes.

It seems that the big cubes from Taiwan cost only 63 cents each and are landed here for \$1.15 duty paid.

So how is it, Customs men are asking — that even the smaller cubes are selling here for \$7.95 and up?

## NZ advertising agency — piranha or porpoise?

by David Murphy

TIME was when the average New Zealand advertising agency belied the image of trendy glitter and "think tanks" by about a million light years. Scratch the surface of your 1960s agency and you would find arch conservatism, grey-suited Establishment figures, pillars of Wellington society.

Most business was done, along with the lawyers and accountants of that city, at the Wellington Club over gin and port. This image reflected the status of New Zealand marketing, and the development of its expertise up to that time.

Marketing managers were such in name only, if they existed at all. Mostly they were advertising managers or sales managers. Mostly they had very little say over whether a campaign would run or not. Mostly this was a decision for the chairman, the board and their respective wives, who would approve a campaign with the earth-shattering analysis "I like it".

And of course, if they didn't like it, the agency would agree that they were quite right, ask them what they would like instead, and give it to them. Life was perhaps simpler then.

During the 70s we went through an agonising re-evaluation of both the role of an advertising agency, and its basic character. Two distinct animals were conceived.

One, the young, aggressive fast-moving creative shop, as typified by the Younger Colenso and MacLennans, was people, tribal but unified in the dull heat of the Establishment agencies, bursting to "do their own thing." Particularly, they wanted to bring New Zealand advertising into the television age, and to raise our advertising standards to somewhere near those of the rest of the world.

They presented striking material to loyal clients and a disinterested consumer — and they were wildly successful.

They began to question the ability of clients, and found that their own revolutionary stance was being matched, slowly on the client side by the employment of younger, better trained, more capable and more responsible marketing managers. If a client didn't like a campaign they fought for their ideas — and sometimes won.

They pitched for accounts — hordes! Yes, they actually solicited another agency's clients. Really old boy, is nothing sacred? Not any more, I'm afraid. Suddenly the business became competitive. And if you weren't good enough to keep a client, then you didn't stay around too long.

The second major development of the 70s was the international agency. Here came Big David, worldly-wise and replete with formulas, magic lanterns, books, posters on "how to..."

It seemed that we had been wrong all these years, that if it worked in New York, or London, then, of course, ignorant New Zealanders would grasp, gasp and gobble up whatever advertising message they could stay awake for. Suddenly a vast network of agencies, dedicated to the task of feeding New Zealand markets with information about that vital issue, what's going on overseas, to research and to the sciences of advertising evaluation became the *sine qua non* of the business.

You had to test everything, it seemed, or perish in the fire of advertising ignorance.

Account executives now wore fairly large ties, pin-stripe suits instead of grey, and were quite knowledgeable on wines at lunch. Of course, they travelled frequently, as did their creative people who seemed to be on some sort of extended sabbatical, flitting into New Zealand, dropping a few pearls before being sent to somewhere more important.

### Without word of a lie

#### Irish joke?

CASHING in on tax reform's rising star as an election platform the anti-smelter lobby has issued its own IR 27.9. "Citizens of the independent state of Aramoona" are asked to reveal their taxable income from the estimated number of overights in the environmental impact report.

The disparity between South Pacific Aluminium's estimate of total jobs created and the likely total and between the Government's estimate and likely real overseas earnings is listed as taxable income. "The likely increase in your power bill" if it proceeds is also part of Total A.

Exemptions are worked out on the number of

And lol International Agency prospered for a while, selling beads to the natives.

And what of Establishment Agency all this time? Well, it was still around. A bit livelier, a bit younger, a bit more "with it". Still with largely the same list of clients. Still doing business at the club, but not the Wellington Club any more.

By the late 1970s the advertising business had shifted irrevocably to Auckland. And Auckland had seen a boom in the number, quality and nature of agencies as a consequence. But nothing ruffled Establishment Agency.

So what of the 1980s agency? Is the trend towards creative, research, international, media, where? I think the answer is yes. All these things. But combined in one agency. If New Zealand itself has reached a stage of social maturity where it is no longer afraid of internal strife, where long hair and short back-and-sides can co-exist, then I believe that it's just as true that New Zealand advertising has reached a stage of maturity, too.

We no longer depend upon Big David, sending us his formulas, providing us with the panacea for all our advertising ills. Yet International Agency has given us a great deal. It has opened our eyes to the world out there.

We have looked, we have learned, we have accepted what is of value and discarded what is not. We are no longer afraid.

Colenso The Younger lit the fire of rebellion that hopefully will never die in our business, because business badly needs rebels, renegades and troublemakers — someone has to shake the pot now and again in New Zealand.

CTV also set a whole new creative standard for all of us to match. It made us take pride in ourselves and our work, and be determined to do better, even at the cost of losing business.

Establishment Agency has always been there and always will be. Establishment Agency is the check, balance and control that keeps us all sane. The trap is in forgetting your ancestors and trying to become Establishment Agency too soon. Hence we now have Colenso the Elderly Before Its Time.

So now in 1981 we are beginning to see the development of — what shall we call it — Bright New Agency? A combination of the creative standards and industry challenge once offered by CTV; the professional skills, internationalism and place-in-the-world provided by International Agency — but this time without the hands-tied, "we know best" philosophy of Big Daddy; and the good sense of Establishment Agency.

Just a combination of these three? No. That would simply make a rather tasteless stew.

The flavour, the spice, will come from the sheer enthusiasm and excitement that the young, energetic agencies of the 1980s can bring to the world of New Zealand advertising.

They've been brought up with and have learned from the 1970s agencies. Now they will set the standard and provide the catalyst for others to develop further.

Sometimes the advertising agency business is criticised for being too volatile, too unstable. I think that in New Zealand that's exactly what we need. The protestors and the demonstrators shouldn't exist only outside the rugby grounds.

They have their place in the business of this country, too.

David Murphy, formerly a top executive with SSC&B Lintas in Auckland, is a co-founder of the Murphy Trumen advertising agency, which has since merged with Bob Wardlaw Advertising.

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times Warren Cooper has put his foot in his mouth in the last six months, the number of pro-smelter economists and the total number of cabinet ministers who think the smelter would be built on top of an albatross colony.

#### Semi-secured

SPOTTED amid traffic awaiting a green light on a busy Wellington street the other day: a van with window stickers promoting the security alarm systems of a well-known security firm. But the security message might have been more convincing if the window on the passenger's side had not been broken and patched up with plastic to cover the hole.

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## Labour hopes in Kaipara

YOUR article on the Kaipara Electorate (NBR, October 19) was quite fair. As a member of Susan Sotheran's team trying to win the seat for Labour we have a first-class candidate. The call in 1978 by Social Credit to help get National out has not, so far, appeared successful.

Labour people like myself look for three things:

- An educational system based on clear thinking; the spade-work for a lifetime to read, learn and inwardly digest about all the varying religious, economic and political systems — something we haven't got.
- The people have a right to information that is fair, free and unbiased, which, with our privately owned newspapers we haven't got.
- A fair analysis by each voter of each candidate and that candidate's likely conduct for the next three years, and there is hope — canvassing I find people thinking more. The reasons why people chose whom they vote for are often flimsy.

It's not the cossacks dancing across the TV screen that bothers me, but the fact that they were effective.

Bill Langford  
Ruakaka

## Sacred record in government

IT is pleasing to see that somebody has read my piece on Social Credit in British Columbia and has given it some thought. However, judging by the criticisms Mr Pappill made about the article I wrote I can only wonder if we are talking about the same article.

The major part of the item in question dealt with the history of the Social Credit movement in BC and Alberta with only a short portion at the end dealing with present day economic issues.

Mr Pappill, in his reply (NBR, October 5) has introduced a number of statistics not necessarily discussed in my article and has attempted to distort these to suit his own political viewpoint. I would like to have the opportunity to correct these inaccuracies and answer his accusations against myself and the BC Social Credit Government.

Firstly, on his point about the BC Budget, I have always stated that the operating ex-

penses of the Budget have been balanced. This is because these are non-returnable expenditures. Crown corporations, as well as private industries, do borrow funds for capital investment for their development ventures.

British Columbia's rapidly growing economy has required increasing amounts of investment capital which is paid out by the profit returns of the projects invested in. The Social Credit Political League in New Zealand will not have to finance development in this way as they will be able to raise capital through a New Zealand Credit Authority based on the potential production of the project in which investment has been made. This alternative is denied BC by the Canadian Federal Government.

Mr Pappill's second point on the deficits of Crown corporations mainly shows the costs in subsidies to corporations engaged in public services such as BC Ferries, Urban Transport Authority, BC Medical Services etc, which are covered out of general revenues.

The benefits these corporations provide can be easily demonstrated:

- Visits to doctors and specialists as well as surgery, etc, are full paid for;
- Ferry fares to Vancouver Island, similar in distance to Cook Strait, are passenger \$3, vehicle \$12 and so forth.

Mr Pappill's third argument on the North-east coal development shows his complete ignorance of the facts of this project. Coal is being bought by the Japanese at above market prices. Further, transportation costs are being paid out by a surcharge which will pay off the costs of the roads and railways to the mines. The Japanese are paying more for BC coal than for coal from Australia because they want security of supply.

This project will be employing 5000 people in its construction phase and when finished will create 3000 permanent new jobs just on the first two mines alone. Beyond this the project has brought in many new support and related industries as well as having created the new city of Tumbler Ridge.

Added to that the mining project will build the entire transportation system to open up this previously isolated and depressed area. When completed there will be 9000 permanent jobs and an export income of \$2,000 million each year. What "Think Big" proj-

ect can claim that success? Lastly, on this point, the \$485 million Mr Pappill presented is the total cost of the required infrastructure and social services (schools, hospitals, roads, airports, etc) for the new city.

The fourth point about the by-election in Kamloops. I covered this in my article so I ask Mr Pappill to read it again. By-elections traditionally go against the Government in BC even in Government-held seats, and switch back in the general elections.

The Social Credit Party was faced with the sudden resignation, for personal reasons, of the Kamloops member of the Legislative Assembly and having to elect a relatively unknown. This would test any party's organisation. Again the opinion polls and the Opposition Leader said the Socreds couldn't do it. The Socreds did do it, against those odds, and that was the point I was making.

As for the March 1981 poll. It has been updated since particularly with the effects of the Kamloops by-election. Pollsters in BC will get a variation in results. The one the politicians usually believe tells them what they want to hear; this is certainly the case with Mr Pappill.

On the fifth point, housing costs in urban Vancouver did take a jump in 1979 and 1980. This was a result of a rapid inflow of population into the city as was mentioned in my earlier article. Obviously this put pressure on the real-estate market as people who had found work in Vancouver searched for housing.

The building industry had trouble keeping up with demand. The BC Government eased the problem with a mortgage subsidy programme and the subdivision of additional Crown lands for housing projects, the Riverview development being a large one in my own constituency.

Prices for housing in Vancouver have fallen back and stabilised. As for the rest of the findings of the "Commerce Group" I would strongly dispute them. Inflation has never reached 14.2 per cent in Vancouver while I have lived there all my 31 years. And Vancouver has never been the capital of British Columbia. Victoria has had that honour since 1868.

Finally I would like to point out to Mr Pappill that BC has the highest business incorporation rate in its history with 21,000 new companies in 1980. This is not a situation one sees with multi-nationals moving in

and taking over. Further, the percentage of the BC economy being locally controlled has been steadily increasing.

So Mr Pappill, if there are any "grains of salt" to be found maybe you should look in your own shaker first! I think there are enough issues in your own New Zealand for you to criticise without having to make ill-informed commentaries on a place you obviously know very little about.

Richard Hockey  
President Mallardville-  
Coquitlam Social Credit  
Association,  
Treasurer BC Young  
Socreds.



"It's no use increasing our magnanimity to the Third World if the interest payment is beyond them."

## An election prediction for readers of fingerprint

by Colin James

AT last, the campaign proper. And, for once, a campaign that is multilayered, not some one-dimensional beetle race.

For 40 years or more elections have been to choose a Government: Labour or National, National or Labour.

But this election, more than any since perhaps 1928, is to choose a Parliament.

The rise of Social Credit has seen to that. If it does well enough, whichever of the two main parties "wins" will have to seek Parliament's agreement to its menu instead of shoving any old hash down in front of it and telling it to eat up and shut up.

Even if Social Credit does not do well enough for that, it has already helped focus attention on the quality of representation.

Representation for 40 years or so has been through the party in power (effectively National since 1949), with squeaky-joint pressure group assistance (and distortions).

Social Credit's rise indicates dissatisfaction with this process.

That in the past 18 months there has been much more interest in public political meetings, more people active in party politics (particularly in Social Credit and Labour) and far more discussion in pubs and on street corners than for a long time are other indicators.

More people seem to be looking harder at the candidates this year and are prepared at least to temper their judgement of party with assessment of candidate and at most to jettison party loyalty for candidate preference.

The representative structure

is widely felt to have let New Zealand down. Take, as an example, the unflattering view of Parliament and politicians in the Heylen Poll earlier this year.

That was the essence of the skilful judgment of the electorate in 1978.

"New Zealand the way you want it" had become already "My Way". The National Party was told with politeness and firmness that was not the right way. Voters awarded it 10,000 fewer votes than Labour.

But Labour was not an alternative. Norman Kirk apart, it had not been an alternative since 1958, the year of the Black Budget.

It was too divided, too unrepresentative, a mixture of old-fashioned welfareism and new-fangled leftism, and too spendthrift in power.

So, with nice judgment, the

electorate left Labour second in seats. Sort your act out, the voters seemed to be saying.

And in case either party failed to understand and act on the message, the voters put Social Credit in the House and gave it enough votes to keep hanging in the air the prospect of a hung Parliament next time round.

Whether that will happen on November 28 depends on how well the two old parties heard the 1978 message and how well the voters think they have responded.

Leadership is at the heart of the issue.

In 1979, the bulk of National Party activists — with standbys in the form of the new MPs of 1978 — interpreted the election message as an invitation to give a policy lead at a time when old policies, pursued for 40 years, seemed no longer to be working.

So we had an outburst of "back-to-basics", of "more market" and of "get the Government off our backs".

That was at the root of the leadership tussle last October. The younger element, the Quigleyites, to put a political label on it, wanted a decisive shift in Government policy.

Being in the minority, they failed. In both rhetoric and action, there has not been much "more market" since last October.

Instead, the "lead" being given to the electorate is "growth". The National Party has spent much effort explaining the depth and interlocking nature of the elements of this "strategy".

But as far as the public is concerned the growth message still seems focused on the big projects at its heart. And, given the impossibility of ordinary people working out for themselves the economics of these projects, the message takes on a "trust us" quality something like "you'll come to love your sperm test".

This seems to compound, rather than resolve, the problem of representation.

And so with Labour. Its response to the 1978 message has been less concerned with ideology and more with internal improvement.

It has improved its organisation. It has improved the quality of its policy-making as distinct from the quality of its policies, though it is still prone to promise too much. It is emerging into the front and potential giants.

It has modified its old-fashioned welfareism and thus reduced the old apparent divisions.

But its response to the 1978 voter message — of greater ability and professionalism — is being projected through the rejected Prime Minister of 1975.

This opaque class obscures the changes and reflects back the apparent samenesses with 1975 — principally a tendency to impracticality and profligacy with public money believed by many to be inherent in an election programme — developed paradoxically, in response to what Labour saw as a 1978 public dissatisfaction with social failure of the 1975-78 Government.

It is thus doubtful if either major party has adequately responded to the 1978 voter message.

Much has been made of the differences between National and Labour this time.

There is a difference in economic strategy. National wants big-project-led export-led growth for growth's sake — oh, and for jobs. Labour wants jobs, quickly — oh, and growth, (to get the jobs), to which end it will inject state money into job-intensive (and thus often low-productivity) small business.

There is a difference in goals. Labour's attention is fixed on housing, education, health and welfare, the economy being a means to social ends, clearly defined. National wants a social floor, but otherwise it is up to society to define itself.

This is the promises versus credibility argument (which, so far as it counts, National seems to be winning).

There is a difference in leadership style.

But these differences may not be relevant.

As the Prime Minister has been claiming, underneath the economy does seem to have

been turning round.

But this is probably an organic change, related more to recovery from the 1979 oil shock than any particular policies, though if there had been a Labour Government busy bailing out instead of a National Government gently allowing a shaking out, we might still not have bottomed out.

And underneath, too, largely unrelated to Government policies (though with a less divisive voice at the top, some of the pain might be avoided), society is re-ordering its own goals.

And the differences may be misleading. As the National Party activities have moved in the free market direction, the rising Labour stars, following them some way, have begun projecting a middle-of-the-road responsible economic management line.

But the Prime Minister has been determinedly holding National in the middle of the road and Labour's welfareism have been promising the earth.

Which difference is the right one: Labour middle versus National right; or National middle versus Labour left? If the electorate is not confused, it ought to be.

Voters might therefore be forgiven for deciding on November 28 to keep the 1978 message in front of the old parties and crank up the debates.

The National leadership still has not proved itself responsive enough to criticism, so deny it an outright majority. Labour has not yet cleared away the debris of 30 years of decay, so deny it power; push Social Credit into the middle to keep the message in front of the other two; and so ask for extra time to get a clearer, less confused, choice presented by Labour and National.

The arithmetic of such a decision would be extremely difficult to achieve, but the electorate showed in 1978 (and 1969, if you want another example) it is capable of very fine arithmetic.

But there is also a hell-with-it factor on the loose in voterland. If something triggers this off — and a false prime ministerial step, a wrongly aimed kick of the boot, for instance, could be such a trigger — the arithmetic could be rejigged decisively in Labour's favour.

There is also the seven-veils factor. If the leader's veil comes off one party or other or both and the change underneath is seen, the result could be decisive either way (though more likely Labour's).

The campaign thus becomes important, less as a decider in itself than as a battleground for each party to uncover and spotlight the factor most favourable to itself.

But one, deeper, factor underlies it all. The principle reason for the inadequate responses to the 1978 message may be that the institutions of representation — elections, the structure and practice of Parliament, the parties in their present form — are inadequate to

Continued Page 33

In an Election Watch article on October 12 on the Kaipara electorate, I mentioned National MP Peter Wilkinson's "nervy disposition" and added a colourful comment in expansion of the reference. This was gratuitously derogatory and thus in poor taste. Errors of judgment may be forgiven; if rare; errors of taste never. I apologise to Wilkinson.

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## Economics

## Business is brisk, albeit on brink of likely letdown

by Bob Edlin

WITH the election but a few weeks away, the Government must be heartened to find the business community in good cheer. Three surveys of business opinion tell much the same story — business is brisk if not booming, and business leaders are bubbling with confidence.

• The Manufacturers Federation reports that manufacturers are enjoying the most buoyant conditions since 1978;

• The National Bank's September survey (conducted through its branches to gauge local views on development) found overall confidence at probably its highest level of the year;

• The Institute of Economic Affairs' latest quarterly survey of business opinion recorded a September quarter of strong private sector growth and optimism in all sectors.

But the business community recognises that they can thank the Government for lifting their fortunes. And as the Manufacturers Federation report notes, its members are pleased with trading conditions, "but after recent election year experiences, their planning is well tempered with caution."

Indeed, the optimism in all three reports is short term. Next year, an economic downturn is expected.

Among the manufacturers' concerns are uncertainty about the pricing of national resources such as energy, transport and postal charges. "A further cause of dismay is that the unit cost of Government services is rising much faster than costs elsewhere in the economy."

And the federation expects the inflation rate for the 1981-82 year "to be close to 17 per cent."

The report says the prerequisite to a sustained recovery in the economy is an improvement in the external situation.

"In time, the major projects will certainly be of major benefit to the economy because of the foreign exchange impact. But in the medium term they will act as a drain on the country's resources," it says.

"In the next five years, therefore, the ability of the economy to sustain an acceptable rate of economic growth depends almost entirely upon the volume of manufactured exports and the terms of trade."

But for now — the good news. Manufacturers are enjoying the most buoyant trading conditions since 1978 (thanks to high Government expenditure and a relaxation of monetary restraints).

According to the report, there had been a strong lift in economic activity this year, "but it is suspected that this will flatten out during 1982."

And there are fears that the economy "is in danger of overheating because of persistent and accelerating inflation, propelled by excessive wage demands and current monetary and fiscal policies."

The report also records "widespread unease" in the manufacturing sector about industry studies, the direction of import licensing policy in general, and some aspects of the proposed closer economic relationship with Australia. These concerns were not helping business confidence in the long term.

"Uncertainty in the manufacturing sector must not be

under-estimated," the report warns. "The feeling can best be appreciated when it is realised that one half of the NZMI membership, with a workforce of over 100,000, is under industry study."

The report expects the balance of payments deficit to widen as imports rise to cater for higher demand and the construction phase of the "Think Big" projects.

Because of international recession, export growth was expected to be weak, "and the terms of trade are unlikely to recover during the next nine months."

The overall growth in export volumes (forecast at 5 per cent for 1981-82) "is likely to fall back to 3 per cent in 1982-83. At the same time, imports propelled by high internal demand and increased activity in the construction sector "are likely to grow by 8 per cent in 1981-82 and 6 per cent in 1982-83."

The report said that, in general, manufacturers had raised productivity and efficiency within their operations.

"Manufacturers have become increasingly skilful at managing slumpflation and the most recent recession was no exception," it says. "They are pleased with trading conditions, but after recent election-year experiences their planning is well tempered with caution."

One result of this cautious approach: manufacturers were "at great pains" to avoid taking on more labour because of the risk of a downturn and costly redundancy.

The strategy had been to use existing staff resources more effectively. At the same time, manufacturers were maintaining a tight control on inventories, generally refraining from investment for expansion and ensuring that their financial structure was appropriately geared to cope with any downturn.

The federation expects the economy to grow by 2.5 per cent for 1981-82, most of the growth taking place in the latter half of the period. But that rate of growth is expected to fall to about 1.5 per cent for 1982-83 as steps are taken to squeeze the money supply and lower the internal deficit.

The federation's report expresses surprise at the speed of the turnaround, "which appeared to spring from the March tax cuts and a growth in the money supply." In the June quarter alone, the volume of manufacturing output lifted by 4.5 per cent.

The federation's business survey for the two months ended July showed manufacturer sales running 8.7 per cent ahead of budget, with forward orders 4.9 per cent ahead of budget.

Business survey results for that period "were the best since the survey began in 1976."

The reversal in economic activity is expected in the 1982 winter, when consumer spending will be dragged back by taxation and a credit squeeze. "Whichever government is elected to office will somehow need to neutralise the excessive liquidity in the economy," the report says.

The National Bank's September survey found overall confidence in the economy to be probably higher than at any time this year, "although many respondents' expectations appear to have peaked."

And a downturn towards the middle of next year is expected

by many respondents — particularly in the service and trade sectors.

The survey indicates continuing improvement in investment levels. Manufacturers and traders are building stocks, "although this could be in response to projected greater price rises rather than expectations of large sales gains," the bank reports.

The build-up in investment levels has resulted in improved short-run confidence in the construction and building industries.

In the retail sector, the bank's respondents expected sales to remain flat, or rise slowly from their present levels until the middle of next year, when many forecast a downturn.

Conditions in industry did not appear to have changed during the month; most respondents were forecasting

the present high level of sales and production to continue during the next 12 months.

In the agricultural sector, the supplementary minimum prices and good returns to dairy farmers gave continued support to the generally high level of confidence, but this was tempered by uncertainty on overseas markets, particularly the Middle East and North American, and rapid cost increases.

The gradual improvement in wool prices this season had slowed recently, in response to high interest rates overseas and the worldwide recession. Prices were expected to firm later in the season.

The building and construction industry believed costs and changes would increase rapidly during the next 12 months. Many respondents from other sectors shared this view. In-

creasing costs were already affecting farmers' profitability.

The Institute of Economic Research's September quarterly survey of business opinion found strong growth in private activity, "with increases in output, deliveries and sales over the past three months in all sectors." Firms saw this growth continuing and were optimistic about business conditions over the next six months.

Along with this more sustained growth in activity, investment was expected to pick up slowly during the year, "although it starts from a low base," QP reports.

In addition, most firms in the survey indicated that their profitability went up over the September quarter and they forecast further increases. "This optimism pervaded all sectors. However, the most noticeable improvement in ac-

tivity and outlook is reported in the building and construction sector which has been depressed since early 1977."

All sectors saw continuing inflation and there was a strong view among financial institutions that interest rates on long-term loans would increase over the next year.

On the more pessimistic side, "there is, as yet, no net increase in employment. Respondents expect some increase during the December quarter, and there are signs that skilled labour is becoming harder to obtain."

Overall, the survey "confirms the view that the economy is in a strong upswing which has not yet benefited the employment side, but it shows widespread concern of price and interest rate rises which would undermine a sustained growth path."

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## Resource development

## NZ Steel go-ahead raises fears of labour shortage

From Page 1

its estimates of (earliest) start and completion dates for this construction which show a mid-1981 to mid-1984 start-finish for NZ Steel, stage one, and a mid-1983 to mid-1987 time frame for the stage two expansion; a March 1981 to early 1984 start-finish for the refinery expansion; mid-1982 to late 1985 start-finish for the synthetic fuel plant; and a mid-1982 to mid-1985 start-finish for the fourth newsprint machine.

But these figures fluctuate depending on the source — NZ Steel said last week it was beginning sitework immediately and expected stage two to be finished by 1986 with a further 2000 people employed directly and 2000 jobs created indirectly in assisted industries.

The intangibles are the current and likely labour supply

figures — which, while almost impossible to assess, are thought to be well below the country's needs.

Fletcher Challenge managing director Hugh Fletcher told *NBR* the week before the NZ Steel expansion was approved that if it went ahead it would "quite clearly" have an effect on Tasman's attempts to find labour for its newsprint machine.

He said the company's assessment of the labour situation for the \$200 million newsprint machine construction "would have to be redone if New Zealand Steel proceeded."

Asked if the NZ Steel expansion might prevent Tasman going ahead with its project — because of a labour shortage — Fletcher told *NBR* "I wouldn't go that far."

Tasman managing director

Carl Ryan told *NBR* last week, after the NZ Steel expansion approval had been announced, that labour supply was a "serious concern" to Tasman in its plans to build a fourth newsprint machine.

But he emphasised that the project was still in its earliest stages and labour requirements had not really been determined.

While the steel expansion would put added pressure on labour availability, Ryan said he thought it was more of an illustration of what was facing all the major projects, with strains being put on a range of labour during the early 1980s such as engineers, steel fabricators, mechanical engineers and instrumentation experts.

"Obviously they are not a resource which is simply lying around; it is a resource which is going to have to be developed."

But NZ Steel would not

cause all the trouble with labour supply, according to Ryan. It was still only one of a number of problems which confronted Tasman in its expansion plans.

"Labour would be a serious concern, but we also still have a small gap in our wood supply which we are still studying; there are the capital and interest costs, and the fact that international market prices are leveling off."

The newsprint machine project was in the early pre-engineering stage of "project definition". The company's Canadian consultants are carrying this out and will conclude their study in February or March next year.

At that stage Tasman would know what its labour requirements would be, and what the peaks and the supply problems were.

Ryan said the company was thinking in terms of starting the project in the second half of next year for commissioning in mid-1985.

The labour requirements for the construction phase would be somewhere around 700 to 800, "but we really don't know what the bottlenecks will be until the feasibility study is completed."

The Government is particularly worried about the potential for a demand-induced wage spiral caused by a skilled labour shortage. It expressed this concern at a meeting with major project owners and contractors last month.

Labour Minister Jim Bolger presented the owners and contractors with a prepared statement at the meeting where he said "the purpose of this meeting is to draw your attention to the Government's concerns about the impact of the major projects on the labour market."

Bolger continued: "It is clear that the major projects will place very significant demands on skilled manpower resources, and it is absolutely essential to ensure that an adequate supply of skilled labour is available."

"Should skill shortages emerge, then not only will the employment opportunities of less skilled workers be prejudiced, but pressure will be exerted on wage levels as employers compete for available supply."

Bolger warned "this carries with it considerable dangers, given the relatively-bound wage-fixing system we have in New Zealand."

The Government believes the risk is that the market-related push on wage levels for skilled workers will be transmitted throughout the economy by way of relativities, "thereby increasing the cost structure of New Zealand industry, reducing its competitiveness and resulting in fewer jobs."

"The relativities mechanism brings into sharp relief the potential conflict between private interests and those involved in the major projects, and the community interest in maintaining price stability and employment."

"The Government has a

clear responsibility to ensure that the community interest is not prejudiced by those pursuing their own self interest, whether they be employers or trade unions," said Bolger.

Manufacturers, too, are becoming increasingly concerned at the potential of the big projects to take away their manpower.

The Manufacturers Federation *Market Intelligence* report released last week reported: "Manufacturers anticipate a growing scarcity of skilled labour because of the impact of the large projects."

"Difficulties in obtaining skilled staff are already being noted."

"Despite a large pool of unemployed unskilled labour, manufacturers also report some difficulty in locating good quality unskilled labour."

Those concerns were reflected at the federation's annual convention in Wellington last week when questioners asked both Prime Minister Rob Muldoon and Opposition Leader Bill Rowling about their respective policies on immigration.

Muldoon took the opportunity to announce a trial scheme to open up the doors in New Zealand to migrants without jobs.

He said the Government's policy was to employ or train New Zealanders first.

But as local resources were mopped up, the Government would look to traditional suppliers of New Zealand migrants and then to countries further afield.

Finally, but as a last resort, greater fabrication might have to be undertaken overseas, said Muldoon.

Rowling said there would be "no immediate liberalisation" of migration policy if labour were elected later this month.

Rothier, a Labour Government would introduce "comprehensive" training schemes and try to attract back New Zealanders who have left the country over recent years during the large-scale exodus.

After a year of this "come-back-ol-in-forgiveness" campaign, Labour would then reassess the immigration policy, said Rowling.

## NZ Steel interest in Southland gold

by Warren Berryman

NEW Zealand Steel is adapting the spiral classifier technology used in its iron sands operation for use in Southland alluvial gold deposits.

NZ Steel's mining manager Dave Buis said he was fairly confident the old technology could be adapted to improve gold recovery.

A pilot plant has been set up on the company's exploration licence area near Gore. Work will begin as soon as the three prospecting licences, applied for about a year ago, are granted. Buis said he hoped these licences would be granted within a week or so.

The spiral classifiers, made of light-weight fibreglass, resemble eight-foot-long corkscrews. They separate the coarse heavy material from the light fines before the slurry goes on to shaker tables to concentrate the gold.

If the process proves suc-

cessful, NZ Steel hopes to do contract processing for other small-scale gold mines in the Southland area, Buis said.

Once the prospecting licences are granted, alluvial ore will be extracted from trenches with backhoes and fed into the pilot plant.

The area is mostly farmland. Buis said his company was keeping the farmers abreast of what was happening.

So far there have been no objections to NZ Steel's prospecting licence applications.

"We have an advantage in that we are clearly seen as a local company — a clear advantage in Southland where people tend to be very nationalistic," Buis said.

He said many of the company's personnel were local, which helped relationships with local landowners. Buis emphasised that the operation was no business. But he said, the work already indicated there would be a payback from a small-scale mining operation.

## Sharemarket

## Never mind the election — look for half-year reports

by Klaus Sorensen

TO add to the sharemarket's pre-election uncertainty and confusion, November is likely to see a crop of uncommonly good half-year results.

They will come from companies reporting for the six months to September 30, 1981 and should see a continuation of the second half-year improvement registered by most of them in the March 31, 1981 financial year.

The first half of the 1981 financial year was marked by a still depressed domestic economy and half-year results for the September 30, 1980, half year were with a few exceptions quite depressed.

This time it will be the other way round; companies will enjoy a strong first half, but some question marks may lie over the second half — particularly the last quarter to March 31 when some Government-induced belt-tightening is tipped.

Some of the top industrialists will report this month, with the likes of Alex Harvey, Fisher and Paykel, Cable Price Downer, UEB, Lion, Carter Holt and Farmers Trading.

And to a man, they're all expected to report profit rises. The question is to what extent has the market, with the help of the analysts, anticipated the results, and will the results prove to be above the analysts' expectations.

The reason for this suggestion is that many of the leading companies posted highly optimistic first-quarter trading reports at their annual meetings and the feeling is that when normally cautious company chairmen begin to talk in terms of "substantial" profit rises, the results must be extra good.

Another intangible is whether the good news on the profit front will be able to outweigh the election uncertainty.

The market could easily fall another 5 to 10 per cent before the election, though the interim reports may stem this trend.

Ironically the most important report will be made a matter of days after the election — that of NZ Forest Products.

Two of the best results could come from Cable Price Downer and Fisher and Paykel, while Alex Harvey and UEB Industries are expected to show major recoveries from the difficulties which impeded their 1981 results.

Cable Price Downer was the butt of jokes for some years about its overly pessimistic predictions for the current year. But at the last annual meeting a couple of months ago directors reported that first quarter trading had been such that profits had increased 50 per cent.

But, rather than send the share price rocketing, CPD directors seized the opportunity to make a specified preference share issue and that has tended to subside the strong rise in the share price over the past year.

In the first half of last year the company lifted interim profits 2.4 per cent, from \$3.4 million to \$3.5 million, but by the full year profits were ahead 25 per cent, from \$7.9 million to \$9.8 million — though the latter figure was bolstered by the company's belated adoption of equity accounting for associates.

A 50 per cent profit increase in the first half would produce a profit of around \$5.3 million.

But the analysts aren't too keen to try and pick this one because of the uncertainty over whether the company will equitably account associates at the half year or just make an adjustment for the full year's result.

One analyst told *NBR* he was banking on a 40 per cent increase in the full-year profit to around \$13.7 million, but expected the first-half result to be up as much as 60 per cent, excluding the equity contribution, to around \$5.6 million.

Fisher and Paykel reported a "most encouraging" start to the current year and is predicted to do great things, with the analysts' half-year predictions ranging from a 50 per cent profit rise, to a plain "magnificent" result.

A 35 per cent rise in annual earnings for 1982, from \$9.6 million to around \$13 million seems likely for the company, with a 50 per cent half-year profit rise giving a lift from last year's static \$4.4 million to around \$5.6 million.

Another analyst believes Fisher and Paykel could see \$6 million at the half year.

The electronics sector is currently one of the market's favourites with the results of recent rationalisations expected to bear top-grade fruit.

Alex Harvey saw its 1981 year first half hit by industrial stoppages and a downturn in the economy. As a result its first half was down 13 per cent from \$7.5 million to \$6.5 million. Even then the company's export incentives saved the day because its pre-tax profit was down, from around \$8.8 million to \$5 million.

The second half saw the company unable to make much progress and the full-year result was down 7 per cent, from \$16.5 million to \$15.2 million.

But this time AHI is sure of a recovery, with a much improved domestic situation as well as the assistance from recent diversifications, such as a 51 per cent holding in Vacation Hotels and a 23.6 per cent stake in Carter Holt.

This is another hard result to pick, but a positive improvement over the 1980 first-half result should see a profit of around \$8 million in the latest half.

AHI reported its profits in the first part of the year were "significantly ahead".

UEB was another to cheer shareholders at the annual meeting when it reported first-quarter profits had risen "substantially".

The difficulties with the Troma Holdings tourism operation relegated UEB to the doldrums in the last financial year with a first-half profit of \$3.8 million and a very slight increase in the full year, to \$10.3 million.

The first half of that year saw the carpet division improve sales and market share, but industry overcapacity led to intense competition and "excessive discounting", according to the company.

It was also forced into a destocking programme of finished carpets — but this year the company is in a good recovery situation. One analyst believes the company should see \$12 million for the full year and says he would be disappointed if UEB did not add at least \$1 million to last year's first-half year, to produce a \$4.8 million six-month figure this time.

Another analyst is also predicting a 20 per cent annual

climb, but is reluctant to predict the half year.

But both agree the result will depend on any losses which have continued in the remains of the tourism operation.

Lion will also report a half-year profit result this month, but suggestions of a fourth accounting policy change in almost as many years has the analysts standing well back.

Last year Lion increased its profit by 35 per cent to \$6 million in the first half and followed up with an even better 49 per cent second-half profit rise, to \$12.2 million, giving a total of \$18.2 million for the year, including \$3.5 million worth of extraordinary.

An increased contribution can be expected from the New Zealand Wines and Spirits Co in which Lion recently bought out the remaining 50 per cent shareholding.

As well as the food division's Cobb and Co restaurants — the 22nd was opened in Wellington last week — continue to provide good profit growth, even if they do cost around \$1 million each to build.

One analyst believes annual profit will be up 20 per cent (to just under \$21 million) while another says 15 per cent, which should provide a \$1 million lift in first-half profits.

Carter Holt reports relatively seasonal results — last year's first half was \$3.8 million, but the second half produced another \$7 million — and this year the analysts expect Carter Holt will really get going in the second half.

They point to the summer seasonality of the fishing and also building supply business.

Even so, first-half profits could rise from \$3.8 million to \$5 million with a full-year

result around \$14 million.

Farmers Trading is expecting a "sound" first-half year, whatever that might mean, and it seems the company will increase both first and second halves by around 25 per cent — giving some \$3.5 million for the six months to September 30, 1981.

Much interest will be on the likes of Motor Holdings and Healing Industries — both of which have suffered serious share price erosions in recent months.

The Auckland car and motorcycle assembler and distributor earned \$2.4 million in the first half of last year and \$4 million for the full 12 months. With a burgeoning new car sales figures, it could be expected to improve on that.

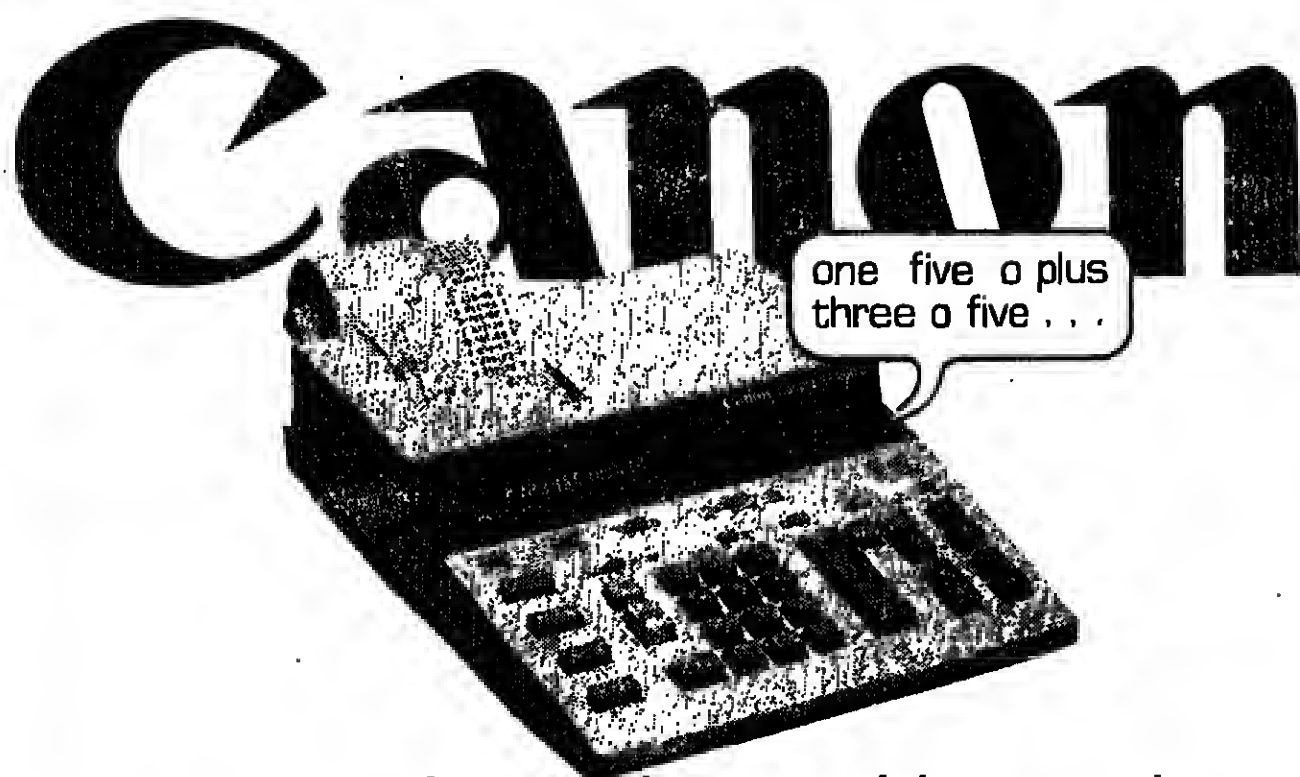
But the analysts point to the likelihood of a less favourable currency position this year.

Some analysts believe Healing may have struck problems in the cycle market and point to the recently released annual report which showed an increase in stocks from \$7.5 million to \$15.4 million at March 31, 1981.

They were none too happy about the auditors' tag rebuking the company for not disclosing the extent to which the accounts had been affected by the inclusion of the results of the recently acquired subsidiary, Avery Wood Ltd.

Healing earned \$1.3 million in the first half of last year and \$2.2 million in the second — what the analysts are waiting for is to see how much the September 30, 1981 first half is affected by the Avery Wood inclusion.

DISCLOSURE: The writer holds shares in Cable Price Downer.



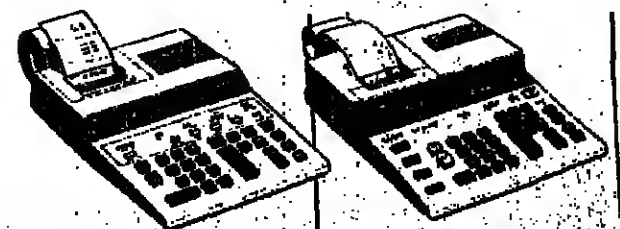
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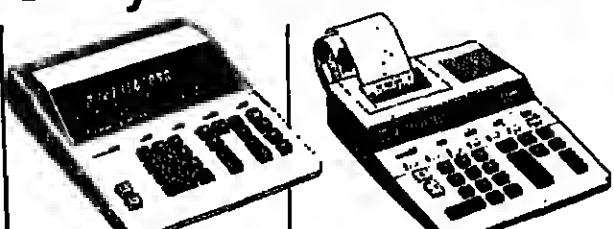
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## Government administration

## Viewdata still up in air, rather than 'on-line' . . .

by Stephen Bell

THE postponement of a Cabinet decision on viewdata for three months (NBR, October 26), has pushed an uncomfortable topic over the election horizon.

Apart from its controversial "new technology" overtones, the television-and-telephone information service raises the thorny question of Government versus private sector control of a medium destined to become one of the prime information channels of the predicted "Network New Zealand".

The Government, with assistance from the Post Office and Communications Advisory Council, has now been debating the question of viewdata (or videotex, as we must now learn to call it) for almost two years.

There have been two reports



Viewdata . . . still awaiting the "on" switch

front the CAC — one public, and very encouraging for the two private groups waiting for a videotex go-ahead; the other confidential and leaving us all wondering.

For prospective videotex service providers, the argument concerns the degree of Govern-

ment or Post Office control over any emerging system.

The two groups wanting to establish viewdata services in New Zealand are Videotex Systems Ltd, a subsidiary of Fourth Estate Holdings and Computer Consultants using ICL software, and a consor-

tium involving CBL, Wilson and Horton, the Christchurch Press, INL and Fisher and Paykel.

The private operators would obviously prefer to see the system as originally envisaged by the CAC; the Post Office merely providing a message-switching node and "gateways" into databases on privately-operated computer equipment.

The alternative, as originally implemented in the British Post Office's Prestel, is total Post Office control over the maintenance and movement of the information. The private sector "information-providers" merely collate their information and send it through to the central Post Office computers.

The centralised approach, even in Britain, seems to be collapsing.

British Telecom has been persuaded to provide a

gateway into private databases, via a system bought from Germany, and growth in private viewdata systems is now reported to be fast outstripping the centralised Prestel system; to the extent that 14 out of Telecom's original 20 computer centres have been "mutilated".

Broadcasting Minister Warren Cooper is obviously personally in favour of the private enterprise control of the viewdata networks, but it is not clear whether this represents the view of the whole of Cabinet.

If it does then, where is the opposition coming from?

## Commission predicts bouncy future for rubber

by Allan Parker

NEW ZEALAND's rubber goods industry, with annual sales of about \$60 million, has bounced into the favour of the Industries Development Commission. A draft report on an IDC probe into the industry shows the industry makes a "useful" contribution to the national economy through import substitution and employment.

The commission also believes the industry "warrants encouragement" continue making the majority of the country's requirements of general rubber goods.

The draft plan adopted by the commission closely follows earlier recommendations for other industries, including the plastics industry.

In essence, it recommends cost containment measures, investment allowances, sales tax remission on machinery, and interim tariff rates which would be tested over a two-year period by providing "modest" quantities of imports within the range of domestic production.

The industry itself employs more than 2000 people. Half are employed in Canterbury and another 34 per cent in Auckland.

Products include: latex-

dipped goods, sheetings and membranes; conveyor and elevator belting; hoses and extruded products; moulded components for other industries and consumer products.

Eighty-five per cent of the industry's labour force are employed in three units — Skellerup, Dunlop and Felzer. The industry currently exports just over 10 per cent of production by value (\$6.6 million) and believes it has the potential to reach near 20 per cent.

In deciding to support the industry, at least in the interim testing period, the commission has regarded the rubber goods industry as similar to the plastics industry, in line with an international trend.

Some official eyebrows may rise from this decision because the two have one overriding contradiction — the plastics industry is far more growth-oriented and dynamic while the rubber goods industry tends to be more static.

There could be some pressure, therefore, to reassess the level of assistance proposed by the commission.

These issues could be raised when the commission holds a public hearing on November 24 to receive submissions about the draft plan.

## Government administration

## . . . but no one is owning up why

The New Zealand Post Office has long been assumed to be the bug in the system, wanting control of videotex for itself. But highly-placed spokesmen in the telecommunications division claim that the NZPO has had no hand in the latest postponement.

Cooper's explanation for the postponement is that the "new generation technology" of videotex and kindred communications systems is still developing, and that the Government wants to make sure New Zealand gets the best of the new technology.

If the commitment had been made too early, Cooper said "we might have made the wrong decision," towards Prestel's centralised form of viewdata. "My feeling is that that's the wrong way of looking at it."

As had been shown with the courier services, he said, the best course was to let the private sector take the risks and reap the profits.

But now was not the time to take the jump. "There are fresh inputs still coming in from overseas" on practical experience with viewdata, he said, and these should be weighed up carefully.

This argument is open to the criticism that technological advance never really stops; now could be as good a time as any to jump on what has long ceased to be a "bandwagon".

For many nations (see table), the ballyhoo aspects of videotex are over, and the business community and, to a lesser extent, the public, are beginning to accept it as a routine information channel.

Certainly the technology, and the uses open to videotex, will continue to advance. But evolution is to be expected of any medium, and does not necessarily indicate that early

efforts are a "wrong" direction, critics of the postponement say.

Cooper would not comment on the views of other Cabinet members, nor whether he was meeting any opposition from within Cabinet. "I'm not going to say who said yes and who said no; Cabinet moves as one, and Cabinet has decided to defer a decision for three months."

While the Government appears unable to make up its mind, the alternative could offer an even blacker outlook for the intending private operator, or, at the least another long decision-making process.

The Labour Party's recently released policy on new technology states unequivocally: "Labour will ensure that firm control of all telecommunications facilities is retained by the state. These facilities will help promote and/or control the growth in application of new technology."

But the party's technology spokesman, Kerry Burke, while "personally inclined" to favour a centralised viewdata set-up, emphasised that the door would not necessarily be shut to private operators under a Labour government.

"We would need to look carefully at whatever proposals were put to us, before making a decision," he said.

The party was concerned in general at the drift of government department activities to private industry, said Burke, quoting the courier service and public works projects as examples.

It did not want to see private industry creaming off the profitable side of such services and leaving the public sector with the unprofitable operations.

But the view was not on uncompromising one. "We con-

It seems likely that any Labour administration would be forced to acknowledge the problems which state involvement in viewdata has caused in Britain.

In its formative years any viewdata service is unlikely to be a viable operation if it is landed with the heavy overhead costs created by state purchase and operation of the central database computers.

The Post Office Union, while suspecting that the postponement is election-related, regards it with favour if the interval allows time for more thought. "We don't think this is something that should be rushed into," said spokesperson Muriel Thompson.

If and when videotex arrives, the union favours a centralised approach, for several reasons, including job protection and confidentiality.

"We see viewdata as an extension of the telecommunications network, built up with Post Office investment — taxpayers' investment. That network wasn't developed to have half of it leased out to private companies," said Thompson.

NBR pointed out that many Post Office lines were already leased to computer bureaux, but private viewdata systems, she contended, threatened a much greater congestion of telephone traffic.

The Post Office, she said, was the major source of telecommunications "know-how".

Private videotex systems would need development of private groups of telecommunications experts, which would be "wasteful duplication".

The union had repeatedly

## COUNTRIES INVOLVED IN VIEWDATA

Country	Service Name	Start date
Austria	Bildschirmtext*	Mid 1981
Belgium		Mid 1981
Denmark	Telenote+	1979
Finland	Telenote+	March 1981
France	Telenote+	June 1980
Germany	Bildschirmtext*	Mid 1981
Italy	Videa+*	August 1980
Netherlands	Videa+*	1981
Norway	Telenote+	1983
Spain	Videa+*	1980/81
Sweden	Videa+*	1981
Switzerland	Videa+*	1978
Britain	Prestel	1981
Canada	(Various titles)	1980/81
Venezuela		1981/2
United States	Viewtron (Knight Ridder)	1980
	Green Thumb (Department of Agriculture)	1980
	AT and T telenote	1980
Hong Kong	Viewdata*	1980
Japan	Capline	December 1978

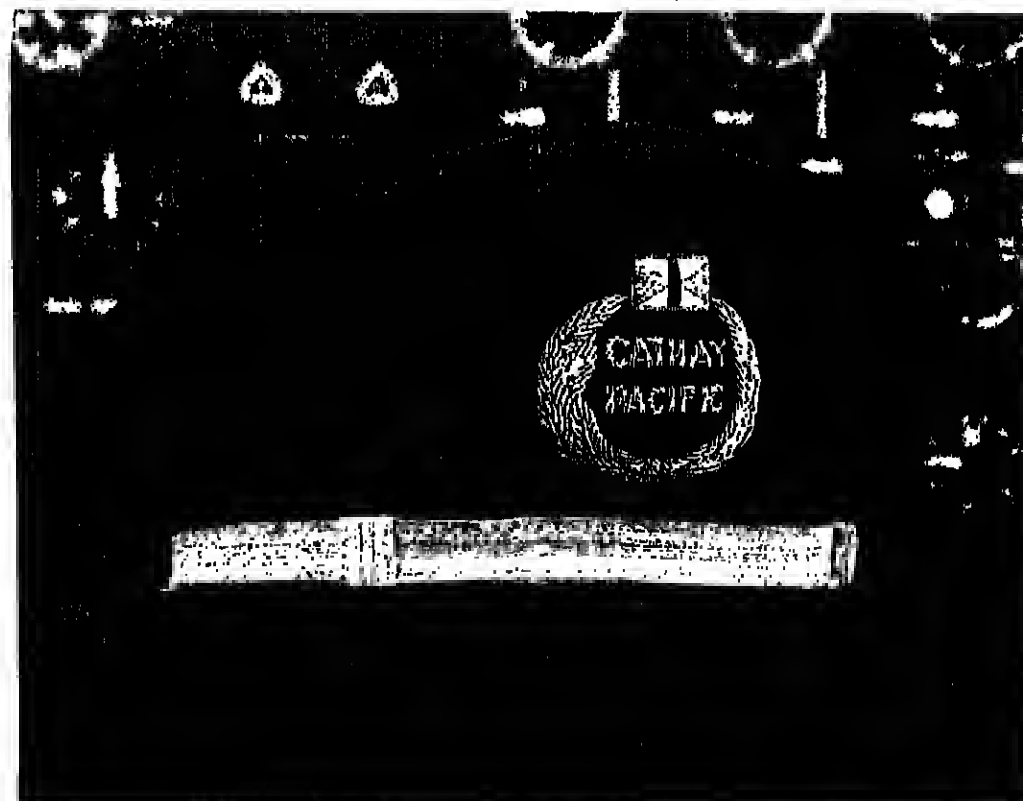
\* Purchase of Prestel system from British Telecom.

+ Operator of a Prestel-compatible system.

made representations to the Government on videotex, and had made a pre-election approach to the major political parties. A response from the opposition parties, outlining their policies, was expected shortly, said Thompson.

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# Long-term reason for Japanese reluctance to buy NZ

THE problems besetting the country's dairy and beef exports to Japan have generated a lot of soul-searching in recent years.

But the reasons our agricultural exports to Japan — which totalled \$288.6 million in the year ended June 1980 — are not higher lie not here, but in the policies of a Japanese Government concerned to bolster its agricultural sector.

That is the view of Lincoln College agricultural economist Dr A C Zwart. In a paper published by Lincoln's agricultural economics research unit, which outlines the development of Japan's agricultural policies and their

considerable implications for New Zealand.

The policies originate in the post-war doldrums of Japan's rural sector. Production had fallen below pre-war levels, leaving agriculture behind in Japan's economic miracle.

The situation led to the introduction of the Agricultural Basic Law of 1961, which has remained the mainstay of Japan's agricultural policy. It aimed to boost rural incomes and bring about a more effective use of the country's land resources.

But the law was originally stated in very general terms, and it has been left mainly to the Ministry of Agriculture to

define the actual policy mechanisms which should be used, Zwart says.

Since 1961 these varied considerably over commodities selected and strategies adopted.

The most significant is the current emphasis on national food self-sufficiency, Zwart says. It was not an objective of the basic law — ironically because in the early 1960s when the bill was enacted self-sufficiency was at a peak and the emphasis was not needed. Since then it has replaced rural income support as the major goal of agricultural policy.

Rice is the major agricultural product in Japan. Paradoxically, its dominance has resulted

in the limits to New Zealand's export prospects.

In 1960 the crop made up 50 per cent of the gross agricultural output, and was the Japanese Government's key policy tool.

High initial supports for rice growers led to increased prices and higher production. Paralleled with changing eating habits and declining consumption, the situation was soon in to over-production, with the Government selling rice for less than it paid the farmer.

It was an inefficient means of stimulating rural welfare.

Since the early 1970s, programmes have been developed to reduce the levels of rice pro-

duction. Farmers were paid to leave paddy fields fallow; more recently, payments have been introduced for growing alternative crops.

As much as \$NZ2500 a hectare is paid out for crops such as soybeans, wheat, barley, and pasture and fodder.

In 1978, 440,000 hectares — or 17 per cent of the area in rice — was "diverted" away from the crop.

The largest slice of the land has gone to the production of feed crops, to support herds of dairy and beef cattle. And supports for livestock as an alternative to rice has led to many of New Zealand's problems on the Japanese market, Zwart says.

The Livestock Industry Promotion Corporation, set up under the 1961 Act, by 1966 had taken over control of imports and assumed responsibility for the domestic beef market.

As the sole seller of imported beef, butter, and skim milk powder, it can maintain prices well above the world market levels. Profits from the corporation's importing activities go into the subsidisation of other aspects of livestock production.

Government support for beef and dairy farmers has pushed prices up, while New Zealand's share of imported beef, never

suggests that — like Australia — New Zealand should look to this area for export potential.

Japan's current agricultural policies remain entrenched, he says. There seems little possibility of significant changes, as unassured and counter-productive as some of them may seem to observers in New Zealand.

The policy-makers have shown that they are committed to expansion of meat and dairy production, paying little attention to international prices as a guide for production and importing decisions.

Among the pointers Zwart has for New Zealand exporters on that market is what he calls a "positive approach" in accepting the trade restrictions on bulk primary products and concentrating on products which are not so openly competitive with the local products.

He says this will require emphasis on Government negotiations — which do not appear to have been very successful — and more stress on marketing and business skills.

Effort should go into products, like lamb, which are not produced in Japan, and into products to be used in food processing.

And as in any marketing situation, Zwart suggests, ex-



Dr Tony Zwart... historical reasons

great, has dwindled further. From just under 10 per cent in 1971, it was 2.6 per cent by the end of the decade.

The high price which Japanese consumers pay for their government's support of livestock production hits New Zealand exporters, too.

But even though beef imports are strictly controlled by tenders and other control mechanisms, the real drawback to the market is the lack of competitiveness of our product with other imports.

But the other side of this push to self-sufficiency through livestock incentives is an increasing demand for livestock feed. Japan cannot produce enough for its needs, and Zwart

porters must be prepared to diversify and continually search for new, if small, markets.

Specialised products, marketed by small exporting companies, can escape import barriers and the attention of Japanese producer interest groups more easily than their bigger brothers, he says.

While it is important that New Zealand should continue to point out the inefficiencies of Japanese agricultural policy, Zwart maintains that New Zealand should also be seen to promote the more positive aspects of the trading relationship, exhibiting the ability and desire to adjust to their import requirements.

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# Analysing annual accounts: Rothmans Industries

by Klaus Sorensen

ROTHMANS Industries Ltd, for all its obvious expertise in the tobacco and wine industries, comes across as a rather daunt and spartan outfit.

The latest annual report contains most of the disclosure an analyst could ask for, but there is not a single photograph in its 284 pages. And as if that isn't enough, the annual meeting is being held in Napier, at 9.30 to the morning.

But perhaps they serve a nice breakfast.

Nevertheless, the June 30, 1981, annual report is an interesting document for those with the perseverance to read it right through.

It gives the distinct impression that after years of consolidation and streamlining, Rothmans is ready for greater things.

But the report also details a couple of obstacles the company must overcome, namely steep increases in interest costs following a jump in borrowings, as well as a need to reverse a downward trend in the amount of tax deductions the company has available to overcome a high tax burden.

Of total sales of \$167.4 million, 48 per cent, or \$81 million, went in taxation. The bulk of this was in excise duty (\$75.4 million) but the company's increase in pre-tax profit in the current year was followed by an even faster rise in the tax provision.

But unexplained in the text of the report is why the rate of increase in excise duty is much lower than the rate of increase in sales.

One supposes this is because of an increasing proportion of non-tobacco sales.

In the latest year total sales were up 10.7 per cent, from \$151.2 million to \$167.4

million, but excise was up only 2.7 per cent, from \$73.5 million to \$75.4 million.

"Other costs" (less income from investments) rose 16.3 per cent, from \$66.8 million to \$77.7 million, faster than the rate of increase in sales.

The remaining profit before tax was up 29.3 per cent, from \$10.9 million to \$14.1 million (due mainly to the low rise in the excise charge in relation to sales and operating costs).

Taxation was up 38.2 per cent, from \$4 million to \$5.6 million, leaving a net profit of \$8.5 million (\$6.9 million), up 23.7 per cent.

The equity profits of associates changed from a loss of \$21,000 to \$67,000 but extraordinary items switched from a capital gain of \$37,000 in 1980 to a loss of \$12,000 leaving the bottom-line profit at \$8.4 million up 22.7 per cent on the 1980 effort of \$6.9 million.

The notes show that of the increase in "other costs less income from investments," from \$67.3 million to \$78.3 million, rises in material costs, interest, and salaries and wages were the most significant.

Materials were up 12.5 per cent, from \$36.9 million to \$41.4 million, while salaries and wages rose 17.9 per cent, from \$11.4 million to \$13.5 million.

But the eye-catcher was the 54 per cent rise in interest costs, from \$3.1 million to \$4.8 million. This was made up of an increased interest of fixed loans, from \$627,000 to \$1 million, and a jump in "other interest," from \$2.5 million to \$3.8 million.

The rise in overall interest costs is attributable to an increase in borrowings during the year, with total borrowings up from \$15 million to \$21 million following a fall in bank over-

drafts, from \$10.1 million to \$8.4 million, and a rise in term liabilities, from \$5.4 million to \$13.1 million.

The note on taxation shows that total deductions from the pre-tax profit of \$14.1 amounted to \$1.7 million, compared with a \$1.9 million deduction from the 1980 pre-tax profit of \$10.9 million.

In the latest year taxable income was reduced to \$12.4 million compared with \$8.9 million last year, and tax, at 45 per cent, was \$5.5 million (\$4 million).

The tax deductions consisted of export market development and performance incentives of \$869,000 (\$758,000 in 1980), investment and farming allowances of \$835,000 (\$937,000), utilisation of previous losses of \$268,000 (\$259,000), less "other" (?) of

\$193,000, compared with a \$27,000 contribution in 1980.

The report details how the company embarked on further expansion during the year when it acquired the remaining outside shareholding in Kenwood Properties Ltd, which owns the Matangi Peninsula, bought a one-third interest in Travelodge NZ Ltd and also increased its stake in the Saudi New Zealand Capital Corporation Ltd to 12.5 per cent.

The funds statement shows the company derived \$16.7 million from trading with an additional \$10.2 million, from other sources such as the sale of investments (\$860,000) share premium (\$354,000) and additional term loans and debentures of \$9 million, compared to only \$834,000 in 1980, from this latter source.

This was applied principally to the purchase of fixed assets of \$6.4 million (\$5 million) as well as "investment in associate companies" of \$2.8 million (plus \$32,000 in 1980) and "other investments" of \$2.2 million (\$93,000 in 1980).

So while the company does not disclose how much it paid for its three investments, shareholders can see it was somewhere near \$5 million. So they will want to inspect the 1982 accounts with particular interest, to see if the equity returns from these purchases outweigh the extra cost of borrowing.

The balance sheet shows investments are up in value from \$3.5 million to \$7.7 million.

But it seems every company has its little failures and the accounts reveal that the \$112,833 extraordinary loss came from a \$96,343 loss on the sale of shares in Mogul Burnett Ltd and a \$16,490 loss on the

disposal of unspecified fixed assets.

Chairman Ken Butland explains that in the cigarette market Rothmans is still at the top, with new brands of 25 cigarette packs doing particularly well.

Butland describes the New Zealand Laminations Ltd, foil and paper products manufacturer, as being "again a major contributor to overall profitability" but demurs when it comes to attaching any description of profitability to the wine division or to tobacco products — presumably for competitive reasons.

He says directors expect the new investments will contribute to overall profits.

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# Xerox slims to meet copy-cat Japanese challenge

by David Lascelles  
of the Financial Times

XEROX may have given its name to a whole industry — as the TV commercials point out — but this has not earned it any special favours in the international marketplace.

Like Detroit and Pittsburgh before it, Stamford in Connecticut — where Xerox is based — has come face to face with the Japanese challenge, and the experience is proving painful.

At the end of September Xerox announced it was planning "significant and permanent" cuts in its worldwide labour force of 120,000 to sharpen its competitiveness. About half this number is in the United States, and the rest mainly in Britain and Japan, where Xerox has its main overseas subsidiaries — but not in New Zealand.

A few days later, Xerox announced sweeping price increases for people in America who rent its equipment — the majority of its customers — averaging 8.5 per cent.

Although it was a full year since Xerox last raised its prices — by a like amount — it was a bold move at a time when competition is intense and it highlighted the multinational copier maker's concern about profit margins.

All this coincided with news of top level management changes which, while unrelated to Xerox's problems, reinforced the impression that the Xerox of the 1980s will be vastly different from the United States stock market's darling of the 1970s.

Xerox's announcements may have looked sudden but they were signalled some time ago. With new competitors piling into the market every year, Xerox's share has fallen steadily since it enjoyed the monopoly of an innovator. From near-

ly 100 percent of US sales in the 1960s, its proportion has fallen to less than half.

Fortunately for Xerox, the copier market as a whole has grown so fast that it has managed to record a steady, though not uninterrupted, growth in sales and profits. In the first six months of this year sales were up by 10.2 per cent to \$NZ\$250 million, while profits rose 7.5 per cent to \$415 million.

But combination of price-cutting in a cut-throat market and Xerox's rapidly mounting manufacturing costs — which are mainly attributable to labour — was putting a squeeze on margins. Anticipating trouble, Xerox warned in its annual report earlier this year that rising costs would pose problems in the year ahead.

Still the world leader in copiers, Xerox serves a broad market and dominates in medium and big machines costing tens of thousands of dollars. Its problems lie in the small copier market where machines sell for \$7000 or less.

Not only is this where Japanese competitors such as Ricoh and Canon, and even mighty International Business Machines (IBM) which, like many US copier "manufacturers", actually markets Japanese machines, are mounting their strongest push. For strategy reasons, the small copier market is also the "high ground" which a maker must control if he is to expand his market share.

The small copier market also has unpleasant associations for Xerox since the Japanese almost stole it from under its nose in the mid-1970s. At the time, when Xerox was focusing on big copiers and on an unsuccessful diversification into computers, the Japanese burst on the scene with cheap desk-top

models which brought copiers within reach of people who had never even considered owning one before.

Xerox hit back. But the counter-attack has proved expensive. Big marketing drives, cost-cutting, trade-in gimmicks — all had to be used. Earlier this year, Xerox was offering a small copier for about \$3700, which could be slashed by as much as half with a trade-in and various other deals.

Xerox's domestic fortunes have largely mirrored those of Rank Xerox, its 51 per cent-owned British offshoot, whose share of the European market has also been pored by the Japanese.

Xerox's new drive for efficiency clearly focuses on improving labour productivity. But the company is also trying to hit the Japanese with their own weapons.

Through its other foreign subsidiary, Fuji-Xerox, it has a watch post on the Japanese market and has been observing Japanese methods.

But while cost-cutting may be the order of the day, Xerox still enjoys at least one big advantage: a mature sales and servicing network. Like its other US rival, Eastman Kodak, Xerox exploits bitter office humour about the spaghetti-like insides of wayward copying machines, and the repairman who takes so long to come that the secretary's ivy plant has smothered the machine.

By coincidence, Xerox's trials have come to a climax just as a new generation takes over the reins of management. Mr. Peter McCollough, who has run the company since its salad days in 1968, steps aside next May at the age of 60 and hands

over the job of chief executive to David Kearns, 51, currently the president of the company.

Aside from getting copier-making on to a sound footing, his job will include nursing to life Xerox's new ventures, which are broadly to make the complete range of automatic office equipment: personal computers, electronic printers, word processors, as well as the new generation of "intelligent" copiers with brains.

● In this country, Rank Xerox operates substantially independently of Xerox itself, and in any case, pricing and marketing decisions were made separately by each "operating unit", in response to local competition, inflationary pressures and other factors, said a spokesman.

"There is never an edict from Xerox in the US or Rank

Xerox in Britain to raise prices worldwide."

Rank Xerox (NZ) raised its copier rental prices by around 10 per cent at the beginning of this year, but in compensation lowered its prices for outright sale of equipment.

This it saw as the best means of meeting the growing competition, which is mainly on the outright sales side.

Rank Xerox began life as a purely rental company, but is moving progressively into selling. Locally, rentals now account for marginally less than half its business.

Manning levels are similarly decided on a local basis. There were no plans to cut staff in New Zealand, said the spokesman. Nor "as far as I'm aware" had there been any "extraordinary" examination of staffing levels recently.

# Frankness without remorse — for those up to it

by Gordon McLauchlan

THE danger one must be wary of in reading *Will* by G Gordon Liddy (Sphere paperback) is the disarming nature of what appears to be absolute frankness delivered in a literate style without a trace of remorse.

Liddy is by any civilised standard an evil man, believing that even such a questionable end as the re-election of Richard Nixon would have justified murder. That is not my interpretation of it; he says so himself quite forthrightly.

But the reaction is not all that rare among New Zealanders as well as Americans that candour is in itself a primary virtue, that no matter how ugly or anti-social a person's innermost thoughts or values, it is good to express them even with pride. The sentiment is enshrined in

the retort: "At least he's honest about it."

Well, perhaps if a person hides and controls the evil that may be within him it is because he knows some of the differences between right and wrong. As someone once put it: "Hypocrisy is the tribute vice pays to virtue."

Liddy was the man refused permission to enter New Zealand to promote this book because of the length of his prison term (he served nearly five years of a 21-year sentence).

He spent longer in jail than other Watergate conspirators because he refused to cooperate at all with the prosecution. As his candour is now widely admired, his loyalty and silence were formerly praised.

*Will* makes it clear that he not only has no feeling of repentance but would do what

he did again, and even commit murder as he had offered to, if he considered it desirable according to his own primitive moral standards.

One of the victims he offered to kill was his fellow conspirator and friend E Howard Hunt. One wonders about the parol system of a country which would release such a man after less than a quarter of his sentence was served.

*Will* stands with Liddy's fear-ridden childhood and he tells the now often retold tale of how he overcame his fear of rats by catching and eating one, his fear of lightning by climbing a tree during an electrical storm, and his fear of dirigibles, which flew low over his house during his infancy, by standing so closely beneath one that he could feel the carth vibrations at the power of the engines.

He graduated from these

fears, the way he tells it, by so developing his willpower that he could deliberately burn the flesh of his hand or arm until it sizzled above a naked flame.

This triumph of will over pain and adversity and its Hitlerian progress into the righteousness of might is the theme of this long account of his progress through school, service in the army and as an FBI agent, as a high-earning corporation and criminal lawyer, as a county law enforcement official and eventually his decline as a fairly low-level leg man in the Nixon Administration's cynical re-election team.

The enemy, fought with unremitting ferocity, is a conglomerate of people referred to vaguely as "The Left".

Nowhere in the 400-plus pages is there a word of compassion except for his father and his wife. Beyond them peo-

ple are to be used or ill-used according to his ability to get away with it. His only laughter comes at the expense of other people's terror. Might is right and violence the instrument of will.

Now Liddy writes with a muscular, forthright style relating his amoral, unconventional story without emotional embellishment. It is this that gives the impression of unremitting candour, but it is fair to assume that he has not been fully frank.

His parents seemed from his own account to be reasonably balanced people and yet all Liddy talks about of his childhood is violence.

He says of himself in his teens, that he prayed the war would continue because "I knew that if I could only go to war, I would return either completely without fear or dead. Either way I would be free."

This self-dramatisation becomes more apparent later on in Liddy's tales of his FBI career and his life in jail. For example, writing of his instruc-

tion from two old Westerners who taught him about pistols in the FBI, he quotes one as saying: "No one can ever say he's the best there is; not unless he's fought and beat every man with a gun in the world, and you couldn't do that in one lifetime. So remember, it's all up for grabs every time you draw."

The other gun mentor chipped in with: "You get in a fight situation and you don't get that ol' adrenalin pump, you in big trouble, boy." Reads like the script from a B-grade Western.

And then there's the "pure Mongolian red-belt master of the high Tai Chi Tiger-style martial art" he met in prison and who taught him this method of fighting, and whom he quotes as saying: "If you ever use what I teach you to take advantage of the weak, I'll find you wherever you are and kill you myself." Reads like a script from the television *Kung-Fu* soap opera.

And anyway, what happened to the Mongolian? He should have caught Liddy and killed him by now.

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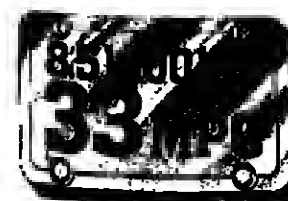
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## Media

## Co-founder resigns Fourth Estate marketing post



Ian Grant  
into book  
marketing.

IAN F. Grant has resigned from the position of marketing director of Fourth Estate Holdings, a post he has held since the company's inception.

During his 11 years' association with the company, Grant has been involved in both the editorial and marketing/promotion sides of Fourth Estate.

A founder-director of the company, he held several editorial appointments on *National Business Review* during its first five years, developed and edited the marketing quarterly, *NBR Marketplace*, and developed and co-edited the first issue of *NBR Outlook*. Grant established and headed the book publishing subsidiary,

Fourth Estate Books, and has edited most of its books, including *Jones on Property* and *The Real Muldoon*.

Possibly Grant's most significant contribution to Fourth Estate was the positioning of *National Business Review* as New Zealand's "decision-maker" medium and the development of editorial policy and readership drives to give the publication the prime position in the small but vital business market.

He has also developed, in close co-operation with the Heylen Research Centre, the most comprehensive and sophisticated media research programme conducted by any

New Zealand print media organisation.

Grant has been appointed marketing director of the New Zealand Book Trade Organisation, the national book marketing/promotion body jointly funded by the New Zealand Booksellers Association and New Zealand Book Publishers Association.

He will continue as marketing consultant to the Book of the Month scheme and in similar capacities for several other long-standing clients.

He will also remain on the Fourth Estate Holdings board of directors.

Grant's most recent published book was *The Unauthorised*

Version, a cartoon history of New Zealand.

## Golden Times on the market

**GOLDEN Times** — the newspaper for senior citizens — has faced the starter's gun but didn't get a long way down the track with its first issue.

The ever present danger with an audience of 60 plusses is a failure to treat them as sentient human beings and address them instead as doddering discards in a tone of indulgence or even patronage.

*Golden Times* isn't guilty of that but does become a little ABCeDarian in places. Discovering an error in the superannuation rates table, I began to think that all the material on that subject could be suspect.

The medical column seemed primarily concerned with the author's decision to write the medical column.

But the gardening column and the travel section were well compiled and the financial section was admirable.

Adrian Sturman's advice on the need to switch the aims of an investment portfolio at retirement was alone worth the price of admission.

*Golden Times* is away all right — but not yet racing.

— Grev Wigg

## Top brass adds class

PUBLIC relations is a high-flying vocation these days — at least in proximity to America's corridors of power.

Recently the international PR company Hill and Knowlton appointed in its Washington office three new senior consultants whose job it will be to assist clients in their dealings with United States Government agencies.

The former administrator of the Federal Aviation Administration and former president, chairman and chief executive officer of Pan American Airways, Najeeb E. Halaby, was one.

The next was a former political adviser to President Eisenhower and former ambassador to Japan, Belgium, Austria and Iran, who rejoined in the name of Douglas H. MacArthur 2nd.

The last of the notables is a former chief of United States naval operations and chairman of the joint chiefs of staff, previously commander of the Nato allied command in the Atlantic, the US unified Atlantic command and the US Atlantic fleet, Thomas H. Moorer.

Perhaps President Reagan is really cracking down on social welfare benefits.

— Grev Wigg

HERE's an interesting exercise for advertisers. With your eye on the TV screen wait for the commercial break. Just before the first commercial screen ask, "Where's the next commercial. And the next."

Your eyes and ears will register claim after claim as cloned from those tired old words "quality" and "value". Precious few will offer you the benefit that comes from buying that product and that product alone.

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# Marketing

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INTRODUCTORY FIRST ISSUE

## Manufacturing

## NZ firm 'horsing about' with electronic gadget

by Stephen Bell

A NEW Zealand company could have found the biggest potential worldwide market for portable personal "computers" — the punter at horses or dogs, on a constant lookout for an infallible "system" to beat the bookmaker.

Unfortunately, though New Zealand designed, the SMOP "Tote Buster" machine has had to be made in Japan to bring its price down to an acceptable level — \$299 in New Zealand.

"We intended to build the machine in New Zealand," said SMOP Digital Systems Ltd spokesman Mel Poulsen. "We got cost estimates from five manufacturers in Auckland and they all exceeded the quote from Shinwa," the Japanese company finally entrusted with the manufacture.

Home manufacture of this potentially exportable computer "toy" would probably have meant obtaining components from the United States, at increased freight costs, and productivity would not have been up to the Japanese rate.

Even the tooling to manufacture the plastic case of the calculator-size device would not be available locally until November. "This would have meant not producing the machines until after Christmas. We would have missed out on the Christmas gift market and on most of the summer racing," said SMOP managing director Robin Churchman.

The best prospect for local industry is that in due course, Shinwa Digital Industries

could offer the components of the system to Rotorua-based SMOP at cost price, and import their ckd, for local assembly.

The Tote Buster, despite its trivial image, uses right-up-to-date technology, in the form of an eight-bit CMOS processor with random access memory and read-only memory for program storage all on the one "chip"; it is claimed to be the first device to use such chips.

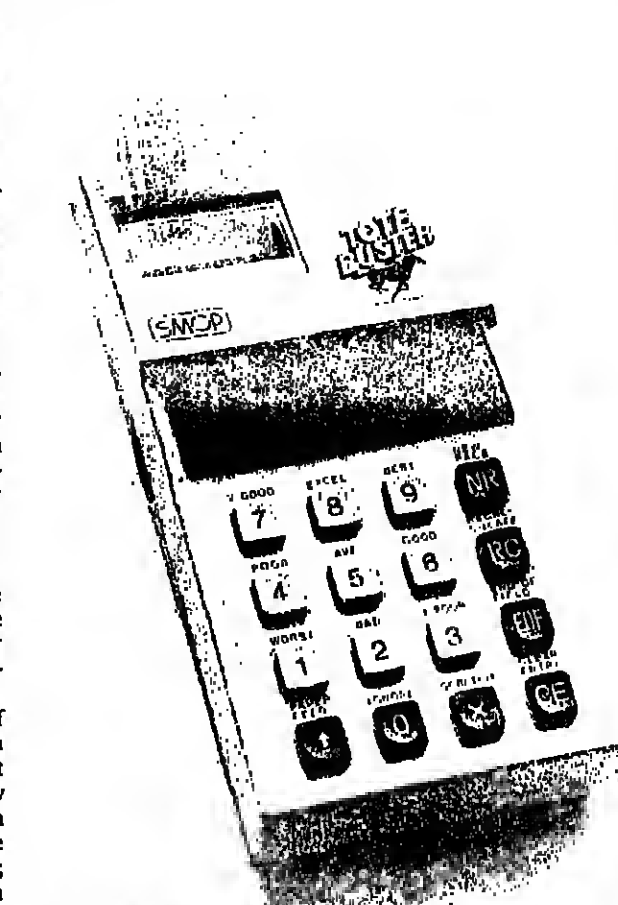
The attraction of CMOS (complementary metal-oxide-silicon) technology is its low power consumption, which means the device can be portable, running off its battery for a whole race meeting before a recharge is needed.

The machine's program is not claimed as an infallible "system"; it simply allows the punter to clarify his or her thoughts on the factors affecting a horse's performance.

After taking the number of the race, the machine asks for a series of weightings on the set of 11 factors. Clearly, the draw for position is less important on a straight race than on one which goes round a curve; weight is more important on long than short races, and so forth.

It then requests the punter's rating on the same 11 factors for each horse individually. How will the track conditions affect this particular horse? If it is known to be good on a firm track and conditions are boggy, the punter obviously presses the key labelled "bad" or "v.poor".

There are facilities for ranking the competence of the jockey, trainer, the horse's



The Tote Buster — ripe for use in the boardroom as well as on the race track?

form and class and even any personal knowledge that may lead one to credit or to doubt a particular entrant's chances.

Although the input all comes from the punter's subjective opinion, the machine can come up with some surprising evaluations, said television tipster Glyn Tucker. It forces a definite decision and eliminates

the shilly-shallying which often goes on in a punter's mind, he told NBR.

In a recent Trentham race, "there was a horse called Sweet Briar, that I would have picked as the winner." But after taking in Tucker's own evaluations, "the machine didn't even put it in the first five," he said. "I was sure something had gone

wrong, but it came in second to last."

The machine is equally relevant to trotting, galloping and dogs, though obviously certain factors would have to be ignored (given a zero weighting) in each case. No jockey ratings for greyhounds, of course, and for the classic Australian bet on two flies walking up the wall, a few more conditions might be disregarded as irrelevant.

Australia is seen as chief export market for the machine, owing to its closeness and the well-known enthusiasm there for betting.

Major department stores here and in Australia have already been approached and should have the machine on the shelves well in time for Christmas. Agencies are also being explored in Europe and South-east Asia. The project has attracted backing from the Development Finance Corporation, which has even taken a substantial shareholding in the company.

The local price of the device, \$299, is after the usual 40 per cent "computer" sales tax.

SMOP ("It stands for 'a simple matter of programming,'" said Poulsen) is an outgrowth of Formulation Systems, the Rotorua company which began by distributing small computer systems to pharmacies.

Why racing as the first market for SMOP? "People kept asking us, as I'm sure they ask most computer people, 'when are you going to come up with a computer that picks winners at the races?'" said Poulsen. "So we decided to produce one."

The company, he said, was

also on the lookout for "optimistic" customers in these generally depressed times. "Where do you find the biggest collection of optimists? On a racetrack."

The existing gadget, with a simple change of internal program and key captions, would lend itself to a range of other uses. SMOP is keeping mum on its plans at the moment, but another device could be appearing in a matter of weeks.

The Tote Buster would seem, with minimal change, to be singularly appropriate to some of those complex management decisions often taken with the aid of a good deal of subconscious prejudice and cloudiness of thought.

Forcing the executive, like the punter, to define the factors in the decision clearly, and assign weights to those factors, could identify some unexpected winners and losers in the commercial stakes.

Watch your next board meeting for directors discreetly using their Tote Busters under the table.

RACE	WIND	TEMP	SPRINT
1 451 Maree Cello	12	15	1000
2 016 Adelaide	15	15	1000
3 014 Baccarat	15	15	1000
4 018 Medium One	15	15	1000
5 716 En Avant	15	15	1000
6 885 Rye	15	15	1000
7 002 No Limit	15	15	1000
8 5 Ten	15	15	1000

# Feltex 81

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Here is just a sample of some of the exhibits.

- Carpets — From raw wool to salesroom, including the very latest Pierre Cardin designs.
- Retailing — A selection of fine furnishings from the Smith and Brown range.
- Natural Resources — The latest developments in wooden furniture and components from Airest, Allensons and Personality.
- Plastics — A full range of industrial and consumer goods featuring recent award-winning designs.
- Textiles — Yarns, fashion knitwear, quilts, footwear and sporting goods. See the revolutionary non-stretch "K-Brail" for running rigging us used in the "Admirals Cup".
- Rubber — From wet suits and milkware to carpet underlay. See the latest milking machine at work.

- Reldubber — See a tyre from the space-shuttle Columbia using the same technology as the "Award" radial tyre.
- Foam Furniture — Luxurious soft, flexible sun furniture from Vitaflex.
- Horticulture — New Zealand plants and seedlings that are exported world-wide.

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Thursday 5th November (9am-7pm)

FOR THE PUBLIC  
Friday 6th November (9am-7pm)  
Saturday 7th November (2pm to 7pm)  
Sunday 8th November (9am-6pm)

Feltex leads the way





## Plenty of takers for new trading bank licence

UNCERTAINTY and confusion — what bankers fear most — have, ironically, become a dominant element within New Zealand's money market.

The financiers are finding themselves thrust into the uncomfortable — certainly ungentlemanly — role of lobbyist and politics-watcher.

It's all part of a quiet but significant revolution that is shaping the thinking of trading banks, finance houses, merchant banks, building societies and other myriad financial operators who make up an increasingly complicated banking scene.

In part, New Zealand is following international trends, where specialisation and market gap banking have become common.

But the current mood of uncertainty also reflects a growing-up for the promised "Think Big" projects with their demands for multi-billion dollar capital investment. (The uncertainties now surrounding some of the largest projects only increase the bankers' worries.)

The key question for the industry: who's going to be around to end up with what share of which market?

The resource-development projects are acting as catalyst, rather than prime motivator of the questioning.

Although they will be important elements in investment decisions over the next decade, according to one informed estimate they will represent only 10 per cent of total capital formation during that period.

Thus, capital formation — although running short of economically-acceptable levels — will be massive and it is this total kitty that has the financial institutions jockeying for position.

A central issue: has the New Zealand money market reached over-kill proportions?

Consider the variety of what the industry calls "financial intermediaries" and their retail outlets. They include the five trading banks, with nearly 1000 offices spread throughout the country, a dozen or so money market companies, 18 savings banks, including the enormous Post Office network of 1100 ofices, a score or so of finance companies, building societies, even the Development Finance Corporation with branches in major metropolitan and provincial centres.

The trading bank sector is the cause of most conjecture. The five existing banks — the Bank of New Zealand, National Bank, Bank of New South Wales, ANZ Bank and Commercial Bank of Australia — will be reduced to four when the Wales and CBA merger goes through.

Since the merger announcement, speculation and lobbying has been intensified over what organisation would fill the gap left by the merging of the two Australian-owned banks.

With four of the five existing banks owned by overseas operations — the Wales, the ANZ (25 per cent New Zealand-owned) and CBA are Australian and the National is part of the English-based Lloyds group — considerable lobbying effort has gone into persuading the Government that a new trading bank should be locally based.

If such a decision is made, the Government will be faced with a number of options about which organisation should get the nod.

There are several candidates from both the public and private sectors. Each has advantages and disadvantages.

The Post Office Savings Bank has the largest established network of finance branches in the country with its more than 1100 branches. With such an infrastructure already in place, it would be a relatively simple matter to put the legal machinery into place that would allow it to operate as a trading bank.

However, such a move would undoubtedly cause some political problems; another example of state interference in the money market, and from an organisation already recording quite remarkable profits.

The 12 trustee savings banks have similar advantages — an established national network of more than 300 branches, agencies, service centres, even one travelling bank. And, like the POSB, it has status, respectability and acceptability in the public eye.

But differing regional priorities could create problems for unified national network. And it would be difficult to pull the savings banks operated by the "Big Five" trading banks into such a system.

The most active lobbying, however, has come from the private sector. In particular, the corporate giant Fletcher Challenge Ltd, heavily involved in the finance industry, has a number of subsidiaries either pressing claims with Government or ready to move more actively into the market.

Indeed, finance and computers form one of the six corporate sectors the company has adopted for its business operation. The others: rural and trading, forest industries, construction and property, manufacturing and merchandising, energy and minerals.

Its operations in this sector include Broadlands, Broadbank (both wholly-owned) and Marac, now 57 per cent owned. On a lesser, but nonetheless significant, plane the company also runs the American Express credit card operation in New Zealand and the Wrigton NMA stock and station agency which runs a virtual nationwide banking operation for the farming community.

Of all these subsidiaries and enterprises, Broadlands and Marac are regarded as the front-runners in the trading bank lobby-scramble.

Marac, particularly, has been lobbying intensively and, supporting its behind-the-scenes approaches, has adopted a high public profile through television commercials promoting the Marac money centres.

Marac activities include overseas operations and a building society as well as a 50 per cent holding in Tasman Rental Cars, the Hertz licensee for New Zealand.

Fletcher Challenge, in its first annual report, notes that all companies within its finance and computers sector are budgeting for "further substantial growth".

While Marac, a public company which operates independently of other group financial subsidiaries, has emerged as a major front-runner in the trading bank race, Broadlands cannot be discounted.

A problem for Broadlands could be the fact that it is wholly-owned by Fletcher Challenge. The group is already the largest single commercial enterprise in New

Zealand and if it received permission to operate a trading bank as well, public eyebrows would, at the very least, be raised.

Certainly, if either Marac or Broadlands were allowed to enter the trading bank arena, there would be strong pressure for it to rid itself of the other leading finance subsidiary.

The influential *Far East Economic Review*, in a special merchant banking edition last

month, commented: "The (banking and finance) industry believes the Government will insist on FCL quitting one or other interest" before either could become a trading bank.

The concept of a trading bank being run by a company that already dominates a number of economic sectors in the country would require a major selling job to the public by both the company and the Government.

The Fletcher Challenge money market operations must be regarded as the leading contenders if a decision is made to establish a new trading bank.

FCL's sheer size and involvement within the sector gives it the capital base, experience and nationwide operation to move relatively smoothly into such a new venture.

However, other financial organisations within the private sector are sniffing at the trading bank lure.

NZI Finance, for instance, is known to be interested in getting permission to run a trading bank. It is part of the merged New Zealand Insurance-South British group.

And building societies, too, have become dark-horse entrants in the race. In particular, the Countrywide Building Society has assumed a much higher public profile, again

through the television medium, in an effort to build a bigger base.

However, any fundamental change to the structure of the industry will require a philosophical decision by Government; it thus remains a political rather than an economic/financial consideration.

Whatever option is chosen will lead to protest from the directly affected parties who miss out on the goodies. Undoubtedly, the other political parties (and, possibly, consumer groups) will also find something to complain about.

Yet a decision, however difficult, is probably inevitable if only to check the in-fighting that arises from the pressure now evident in the market place.

Further unmanaged expansion

Continued Page 25

HENRY PETERS, UNION SHIPPING.

Asia, New Guinea, Africa, the Middle East and more.

## Legal practice US-style — populist, if not popular

by Jack Hodder

LAWYERS belong to one of the least loved of callings. They have been pilloried for centuries as leeches or vultures. Bemoaners of the costs and delay of the law win almost unanimous agreement and sympathy. But lawyers and the law are growing more, rather than less, important, especially in the corporate world.

There is a persuasive argument that Western societies are suffering from a decline in the sense of community. The unspoken assumptions possible in a slow-moving society with one culture, one religion and one morality have not withstood the assaults of the 20th century.

This has meant a decline in informal, non-legal resolution of issues and a corresponding increase in litigation, legislation and regulation. That in

turn has meant greater pressure on the law and a greater role for lawyers.

For examples of the lengths to which process may go, we need look no further than across the Pacific to the United States. The number of lawyers there doubled during the 1970s.

There is now one lawyer for every 410 persons (against one for every 700 in 1960) and the United States Commerce Department has estimated that legal fees amounted to 1 per cent of GNP. Almost any issue (including the results of sporting contests) is likely to come before the courts.

The cost of American legal services has risen dramatically. Fees of \$200 to \$300 dollars an hour are not uncommon in the major cities.

Part of the higher cost is attributable to such things as ex-

pensive new technology and downtown rentals but there is some left over for the lawyers themselves. Top law graduates expect to start on \$42,000 a year in Wall Street firms. Partners in prestige firms might expect to earn \$200,000 or \$300,000 a year.

(Such remuneration is reported to be denuding top law schools as the professors down chalk and hotfoot it for private practice.)

Corporate and business clients have footed more than their share of these increased costs. Legal fights over contracts, patents, land use, employment and takeovers are consistently expensive.

The high cost of money and the poor rate of interest on judgments finally obtained mean that there will often be profit in delaying the inevitable reckoning by legal means.

There are signs that the courts are moving to curb such delays. In June a Federal judge threatened "substantial sanctions" on a law firm which had been dragging out the process of discovery of documents in a \$600 million anti-trust case against AT&T. And earlier this month *The Times* of London reported a judge's suggestion that the leading defence counsel in a \$50 million fraud conspiracy case (involving two jury trials lasting 274 days) should forfeit a substantial portion of his fees for prolonging proceedings.

Such trends (if not the actual figures themselves) are already evident in New Zealand.

Complaints of overregulation and, more recently, the use of litigation as a delaying tactic have been much publicised. And it may be significant that two Wellington firms have

recently added former law professors to their letterhead.

What will be interesting is whether the United States reactions to such trends are followed here.

Corporate clients in the United States have responded in various ways to the increasing costs of legal services. A standard reaction is in-house legal staff to look after run-of-the-mill matters. Such lawyers cost a corporation their salaries and office assistance only.

Thus AT&T now employs something over 900 of its own lawyers and there are 100 or so companies employing at least 100 in-house lawyers. If an unusual and complex situation arises, specialist outside lawyers can be called in.

The use of particular outside specialists for particular problems is another reaction. The practice of a company sending all its legal business to one firm seems to have faded.

It has been suggested that this trend will slow the growth in the size of legal firms (there are some 75 corporate law firms in the United States with more than 120 lawyers and one Chicago firm employs 500) as the demand for smaller specialist firms increases.

One development which may take a little longer to occur in this country is the offering of legal services (as part of a total package of services) by the largest American accounting firms.

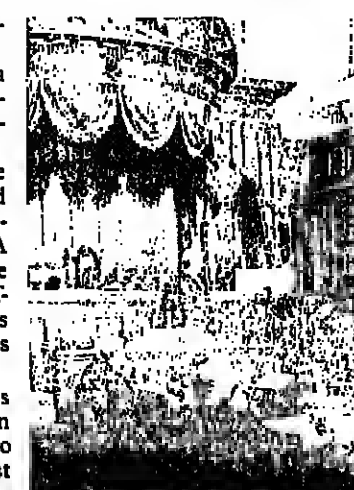
Such packages are advertised in national business publications. The big corporate law firms have so far refrained from advertising themselves, although they have the freedom to do so.

Advertising by lawyers has been permitted in the United States since a 1977 Supreme Court ruling struck down an Arizona State Bar Association prohibition as unconstitutional. Advertising has been taken up by "downmarket" firms. Television spots drawing attention to the low fees and high expertise of small firms and legal clinics in such matters as wills, divorces, car accidents and property sales are now commonplace.

Less orthodox advertising media include T-shirts and signs painted on the side of hearses.

One notable development from television advertising of legal services has been the success of firms which associate themselves with the premises of department stores and offer cheap rates on basic legal matters.

Such firms claim to attract



"Traditional" law — what does future hold?

legal business which is frightened of conventional firms with their high fees and expensive office tower locations.

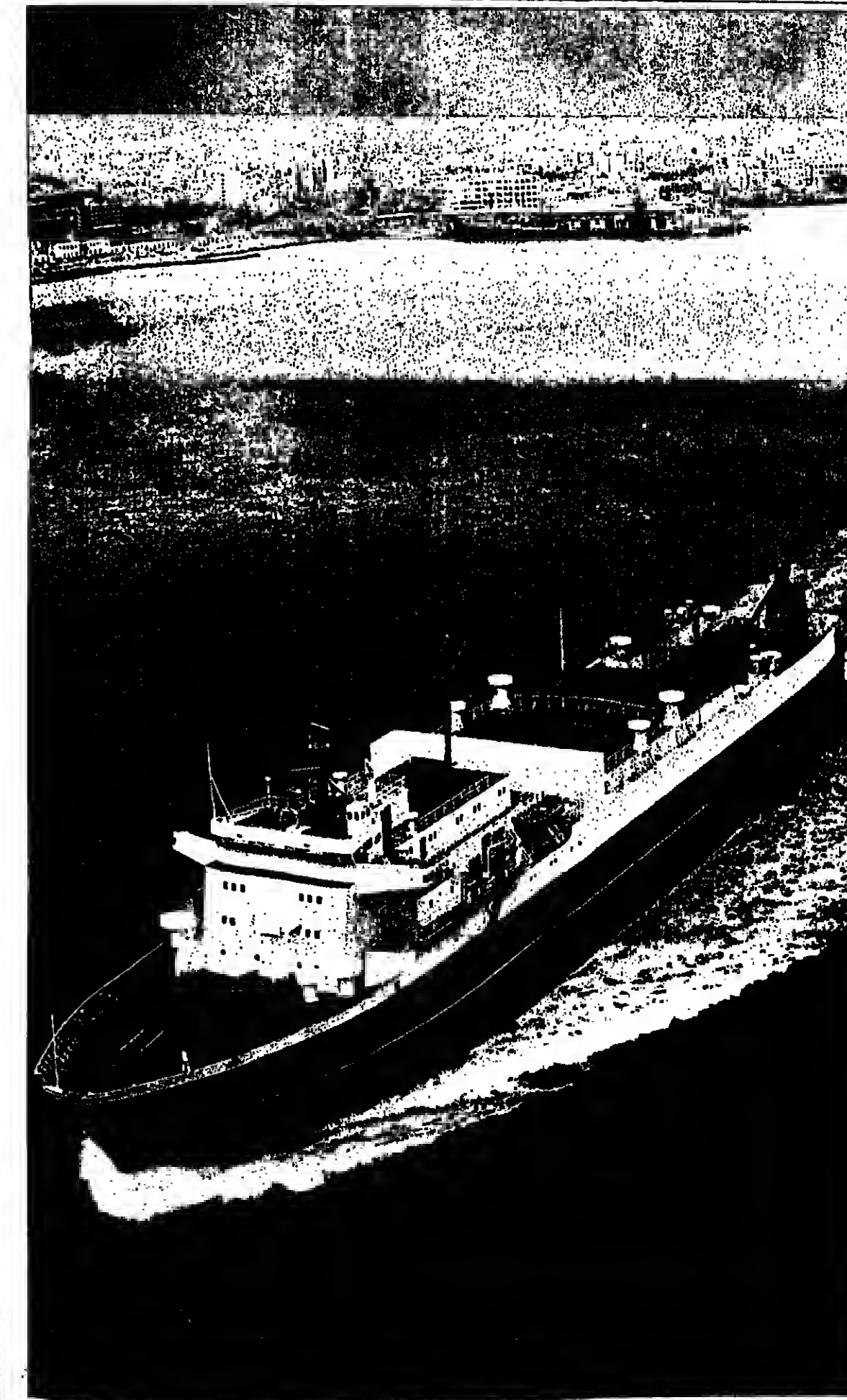
Changes in the American legal profession itself may also be emulated in New Zealand: the growth of larger and more specialised firms; the use of electronic data research systems; the use of professional office managers; the expanded use of paralegal personnel (one of the fastest growing occupational groups in the United States); the establishment of sub-partnerships (to appease associates frustrated by the absence of full partnerships); and the incorporation of law firms (which has proved most advantageous for firms establishing their own pension funds).

Some of these developments will happen or have happened but will grow) at the remorseless prodding of economic or technological development. Others will require significant changes to present legislative and professional restrictions.

For that reason the long promised but limited Law Practitioners Bill will deserve the interest of an audience wider than lawyers alone.

Notwithstanding all these organisational and operational changes, it can safely be assumed that lawyers will not become a more popular species.

Perhaps the best that the profession can hope for is acceptance of the view recently suggested by a professor of law at New York University: "If lawyers are needed (as surely they are) there is a sense then in which we should be sorry for them, as we might have sympathy for the animal-slaughterer or funeral worker who performs an essential but unpleasant social task."



From Page 24

and diversification will, in the long term, lead to more confusion and uncertainty; it could also result in a repeat of the JBL and Securibank disasters, the memory of which will not rest easy in the political mind.

Decisions will certainly not be made until the release of an Australian report which has been examining the structure of financial institutions in Australia and possible methods of controlling them.

The Campbell Commission is also expected to report on the entry of foreign banks into Australia and the desirability of them or, in fact, any new banking operation.

The Campbell Commission is to produce its analysis in the coming month and its contents

and recommendations are keenly awaited here. Although the scene across the Tasman has evolved more rapidly than New Zealand and has become more sophisticated — more so with the much larger resource developments planned there — the existing banking and finance industry conditions are broadly similar in concept to New Zealand.

The Campbell Commission's thoughts on the pros and cons of a variety of options are thus applicable to local conditions and, according to one senior banking source here, "the banking fraternity in New Zealand is very interested" in the final recommendations.

NEXT WEEK: But do we need a new trading bank?



## Plastics

## LLDPE: radical addition to packaging options

LINEAR low-density polythene (LLDPE) is beginning to live a significant effect on packaging performance, claims Allan Bloomfield, head of the specialty film manufacturers, Transpak Industries Limited.

It enables films to be produced with properties and combinations previously unobtainable in a single film structure of standard LLDPE, he maintains.

First produced some years ago, it is only in the last two years that LLDPE has radically changed material and processing options.

The technique of converting the normally high linear high density product into low density material by incorporating branched co-monomers has been practised by du Pont Canada for more than 20 years

with its Sclair range of resins, forerunners of LLDPE. By 1983, an estimated 50 per cent of all low density polythene produced will be of the linear low type.

Because of a demand-supply position, LLDPE carries a price premium over standard low density. But its superior performance characteristics offset the raw material premium.

"In essence, Transpak is able to produce thinner packaging films with the same strength as thicker low density products," Bloomfield says.

Distinctive properties, either as a blend or by itself, have given LLDPE major impact. Hot tack, seal strength, ability to seal through contaminants, puncture resistance and greater ability to withstand drops are the dominant characteristics of packaging using this resin.

"At Transpak, we haven't

merely confined ourselves to monitoring overseas LLDPE trends," Bloomfield maintains.

"In fact we've spent the last four years gaining familiarity with the forerunners of the linear material, trialling and developing LLDPE blends and combinations to meet the demands of our New Zealand and Australian customers," he said.

Bloomfield said all new machinery purchase decisions for Transpak's plant since 1978 have carefully taken into consideration the effects and applications of LLDPE.

"Consequently, we have been able to home in on those areas where LLDPE will have the most pertinence, obtain experience and therefore be able to confidently claim that we are at the forefront as far as LLDPE developments in New Zealand are concerned."

Transpak's LLDPE-based cotlene blends and Co-Ex range of co-extruded films are already widely used. Frozen foods, dry goods such as sugars, cornflour, rice and the like are a few foodstuffs which benefit from LLDPE. So do liquid products including milk.

## Resin cost forecasts

DESPITE rising oil prices, engineering resins will retain a cost per cubic inch advantage (of as much as 6 cents) over most materials at least through 1990.

That's the word from David Mooberry, general manager of the Du Pont company's American Energy and Materials Department.

Mooberry said engineering plastics would keep that competitive edge even though the price of oil is projected to rise to \$120 a barrel in 1990.

He based his pricing forecasts on a Du Pont analysis of relative costs of energy from raw material extraction through product finishing.

He said that although engineering resins will increase in price by 10.5 per cent a year they will still have a 4 to 6 cents per cubic inch over aluminium, zinc, magnesium and cold-rolled steel by the end of this decade. Only hot-rolled steel (rising in price at 8.5 per cent a year currently) will be lower in cost per cubic inch.

The technology is Cryovac vacuum and shrink packaging — already a mainstay for the country's chilled and frozen meat exports, according to Graham Bainbridge, Cryovac systems marketing manager of W R Grace (NZ) Ltd.

He says the company has adapted the latest international technology to suit local storage, freight and handling requirements and has produced specially packaging films for frozen and chilled fish exports.

Vacuum shrink packaging of fish provides a superior alternative to glazing for frozen fish exports, he claims.

"Cryovac's high-technology approach to fish packaging reduces labour, does away completely with glazing and eliminates post-thaw trimming, the need for additional glazing in storage and significantly reduces freight costs on the saleable product."

He says use of Cryovac film allows strict temperature control obviating the need for freight icing procedures, eliminating weight and reducing freight costs. The fish can be packaged at sea or at shore-based processing plants and can be despatched "retail-ready". Freshness need not be a luxury.

Bainbridge told NBR film packaging, as well as providing uniform protection and brand recognition, gave fish exporters quality appearance, something he considered essential in the highly competitive international marketplace.

For a week, starting today, the company will hold a special exhibition in Wellington's Overseas Passenger Terminal.

The aim, says company PR manager Rob Crabtree, is to demonstrate the diverse and expanding range of activities of Feltex and the role of the company in developing exports.

Deputy Prime Minister Duncan MacIntyre will open the exhibition in the morning, and company shareholders will be able to view the exhibition before their annual meeting in the afternoon.

Crabtree said the exhibition would be open to the trade and to members of the public during the latter part of the week.

## New technique to pack fish

A burgeoning export trade for live New Zealand crayfish has been developed by Tnawi Packagers Ltd, near Cape Palliser.

The success of the venture is dependent on a specially-designed foamed polystyrene export container, manufactured by Beta Plastics Ltd, of Upper Hut.

According to Beta's Roy Bettison, the containers have become internationally recognised as a reliable and highly efficient medium for shipping live crayfish (New Zealand rock lobster as it is called in the international marketplace).

He said the container was designed after Tnawi Packagers asked for a pack that would hold the fish at critical temperatures during 72 hours of shipment, and which would hold the fish securely to avoid any damage to the meat, or fish deaths during shipment.

Bettison said Beta had been involved in manufacturing

## Plastics

## Beta boxes boost burgeoning lobster business

This survey of the plastics industry is compiled by David Pacha in association with the Plastics Institute of New Zealand.

styrene export containers for vaccines and the research and development work from that project was found to be readily adaptable to suit the new application.

The vaccine containers had to meet critical temperature and insulation specifications, and the same considerations had to be given to exporting live crayfish.

If the design were different, the walls would form a wedge shaped internal surface which could easily entrap the crayfish, causing damage or death in transit, Bettison said.

He said reaction to the containers in the Japanese market, where the bulk of Tnawi's production is sold, had been extremely favourable.

Tnawi has reported that no crayfish deaths have occurred since the introduction of the new container, and that the Tokyo Importers of the fish delicacy had been so impressed with the effectiveness of the box that it had recommended its use to other suppliers.

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THE CAPITAL LETTER

## Polypropylene popular

THE relative price stability of polypropylene has boosted consumption of the material by Western European toy manufacturers.

According to a recent study by ATO Chintie, PP tonnage for toys rose by 12 per cent in 1980, while consumption of low and high-density polyethylene, polystyrene, PVC and ABS dropped.

Polystyrene tonnage, for example, fell from 64,000 in 1978 to 56,000 in 1979 and 49,000 in 1980.

Low density PE went from 18,500 to 21,000 tonnes in the three year period.

The gains posted by PP come in the face of an overall drop for plastics in toys of about 6

per cent as the economic recession has cut deeply into sales.

From 1979 to 1980, consumption by West German, British, Italian and French manufacturers dropped from 163,700 to 154,000 tonnes.

Dramatic gains in PP consumption were recorded in France, where it quadrupled from 1978 to 1980. During the same period, PS consumption dropped by nearly 45 per cent.

The ATO study concludes that PP consumption in the toy industry will continue to rise during the decade, while that of PS will stabilise.

It points out that in addition to the price advantage offered by PP, the properties of the material — high gloss, light weight, hardness, no sharp edges when broken — make it attractive for toy manufacturers.

"We are confident that we are well up with the play on

developments in this area but the latest joint venture with Electronic Microcircuits Limited is designed to provide the essential link between the electronic tags and the on farm computers of the near future," he said.

Still a relatively small company, Electronic Microcircuits Limited has considerable expertise in the field of hybrid microcircuit design and manufacture for the New Zealand electronics industry. It has the only "thick film" facility for production of microcircuits on a commercial basis operating in New Zealand.

Electronic animal identification would not happen overnight, McPhail said, "but Delta believes it will happen soon and we intend to maintain our position as leaders in the animal identification industry."

Delta's eye on electronics

DELTA Plastics Limited, of Palmerston North, has bought a majority shareholding in the New Plymouth electronics company, Electronic Microcircuits Limited.

During the last two years Delta has been carrying out its own research and development work on electronics in relation to animal identification systems, said Bill McPhail, chairman of Allflex Holdings, Delta's holding company.

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## US production

AMERICAN production of plastics and resins in 1979 was 19.5 million tonnes, up 8 per cent over 1978, according to statistics released in a recent US International Trade Commission publication, *Synthetic Organic Chemicals*.

Synthetic rubber production was 2.65 million tonnes, up 1.7 per cent from 1978. Plasticiser production was 967,000 tonnes, up 2.1 per cent.

Preliminary data for 1980, released in February 1981 for the major types of plastics, indicate that their production was 11 per cent lower than in 1979.



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GAINS TO JOB SEEKER	<ul style="list-style-type: none"><li>Retraining in employment on full wages or training in a technical institute.</li></ul>	<ul style="list-style-type: none"><li>Pre-employment skills, with training allowance.</li><li>Institute based occupational skills training with training allowance.</li><li>Work-based training ranging from job exploration to on-the-job training on full wages.</li></ul>	<ul style="list-style-type: none"><li>Work and possibly training on the job.</li><li>Appropriate award wage.</li></ul>	Not applicable.	<ul style="list-style-type: none"><li>Work and experience on the farm.</li><li>Appropriate award wage.</li></ul>	<ul style="list-style-type: none"><li>Apprenticeship in a trade.</li><li>Appropriate wages.</li></ul>
BENEFITS TO EMPLOYER	Training provided by technical institute or employer. \$75 per worker per week for up to six months.	Training provided by technical institute and/or employer. No cost to employer for work exploration. Allowance for instructor or wage subsidy at \$75 per week per trainee.	Wage subsidy: \$50 per week for six months — for every person employed above current staffing levels. OR suspensory loan for small businesses: \$3000 for every person employed as above — half the loan to be written off after a year, and half after two years if job still exists.	Wage subsidy of 80% of actual wages paid (up to 100% of award wage) for a qualified instructor of at least five first year apprentices sharing off job training for up to 30 days.	Wage subsidy: \$50 per week per person referred by Department of Labour. \$500 bonus if same employee or replacement referred by the Dept is there after 12 months.	Wage subsidy \$40 per week for 12 months for each additional apprentice.

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Waioa 8223  
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New Plymouth 78-038  
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Palmerston Nth 70-919  
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Masterton 85-045  
Upper Hutt 288-153  
Lower Hutt 699-079  
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Nelson 81-479  
Blenheim 87-038  
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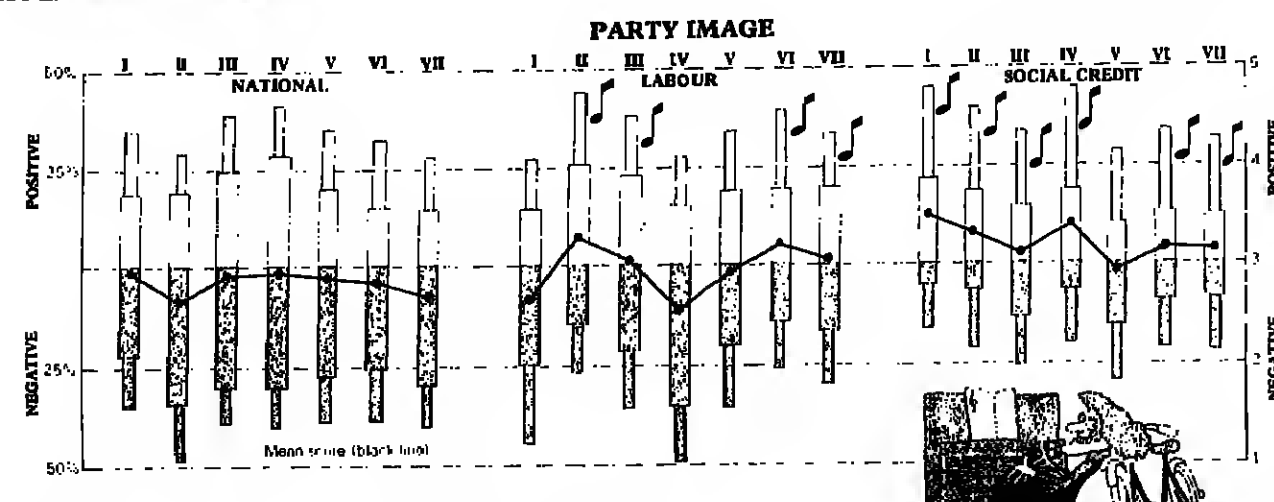
DEPARTMENT OF LABOUR

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# ELECTION WATCH '81

## Party loyalties



POLL respondents were asked to rank each party on a five-point scale between an extremely unfavourable view and an extremely favourable view. The scales were:

I. Is a party with people who are united and work well together — with people who are divided and have difficulty working together.  
II. Is a party that would govern in the interests of all New Zealanders — that would govern in the interests of the people who control or back it.  
III. Is a party I am willing to trust — am not willing to trust.  
IV. Is a party which has the right sort of leaders for New Zealand — which has the wrong sort of leaders.  
V. Is a party whose economic policies are likely to improve our standard of living — whose economic policies are unlikely to improve our standard of living.  
VI. Is a party in tune with the way of life New Zealanders want — not in tune with the way of life New Zealanders want.  
VII. Is a party which would unite the country — which would divide the country.

The thick bar represents the extreme view and the thin bar the moderate view, either positive or negative. The black line measures the mean score (100% line) — 13 is neutral, 5 wholly positive and 1 wholly negative, including the neutral point on the rating scale.

For comparison the June 6 graph can be found in NBR of July 13, Page 31.

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## Worst party image, but Rob No 1 crowd-puller

by Colin James

NATIONAL goes into the election campaign this week with the worst image of the three main parties — but with a leader who still pulls them in.

That is the finding of a Heylen Poll of the parties' images for *National Business Review* on October 3 (see graph left).

This confirms the finding of a similar poll taken on June 6 (NBR, July 13). The general pattern — or "profile" — of the parties was very closely similar in each poll.

Social Credit was the most favourably regarded. This is probably partly because it has not had a spell in Government to make enemies and because supporters of the two main parties are likely to dislike Social Credit less than they dislike their main opposition.

Of the two main parties Labour came out again better than National on five of the seven counts. The exceptions are on leadership and internal unity.

There were some differences, however, compared with the June poll.

All three parties seem to have sharpened their public image. More people were prepared to hold strong views — either for or against — a party on the seven scales. Thus the bars on the latest graph are mostly longer than those on the graph published in July.

This is to be expected as an election draws nearer and voters begin to look more closely at the parties.

The images have also improved slightly. The "mean score" line has moved up for each party. This may reflect firming up of support for the three parties as voters come nearer to a decision.

Of the upward movements the most notable is in the perception of Labour's unity. The mean score, while still negative, rose from 2.46 to 2.70. Those believing Labour to be very disunited dropped from 31.6 per cent to 25.4 per cent (close to National's 22.6 per cent), while those believing it very united rose from 11.0 per cent to 14.4 per cent (National went up 6 points to 18.9 per cent).

It appears that some of Labour's internal improvement may be getting through to the public.

Labour has also picked up a little in the measurement as to whether the party has the "wrong sort" or "right sort" of leaders.

In mean score, Labour pushed up 0.16 to 2.57. Only fractionally more (34.9 per cent, compared with 34.2 per cent) thought it had very wrong leaders, while those giving it top marks for leadership went up from 12.6 per cent to 15.9 per cent.

But National did much better in the leadership stakes. Those thinking it had a very right sort of leaders went up from 20.9 per cent to 28.1 per cent.

There was a sharp improvement in this rating among National supporters.

But there was also a rise among those, both in the sample as a whole and among National supporters, who thought National had a very wrong sort of leaders.

It may reflect a higher overall

profile of Prime Minister Robert Muldoon in October 3 — the middle of the Commonwealth conference — compared with June.

During the same period his rating as "preferred Prime Minister" in the Television New Zealand-Heylen Poll went up from 34.2 per cent to 37.8 per cent.

It seems from the image poll that when that rating goes up, so does the number of people who dislike him.

National, for example, comes third in leadership among "loyal" Social Crediters (those who voted Social Credit in 1978 and propose to do so again). And it is a distant second among those voting Social Credit for the first time and those not supporting any party.

And clearly some National supporters — or would-be supporters — are not enamoured with him. A quarter of those supporting former Deputy Prime Minister Brian Talboys (1 per cent of the sample) thought National had very wrong leaders and two-thirds of those supporting Hamilton maverick Mike Minogue (1 per cent of the sample) thought likewise.

Both groups put Social Credit far ahead of the other two.

Furthermore, they rated National poorly on other scales to do with the unity of the country, even-handedness of government and closeness to New Zealanders' way of life.

Much the same went for voters outside the main parties. Social Crediters overwhelmingly rated Labour the most desirable, or less undesirable, of the two main parties.

And those not committed to any party rated Labour generally better than National, too. (With two notable exceptions, however — economic policies and leadership — which suggests that if these people vote on those two issues, National will benefit more than Labour.)

The reverse of this is Muldoon's apparent cross-party appeal. More Labour supporters thought National had the right sort of leaders than National supporters thought the same of Labour.

This may partly account for Muldoon's preference in the poll being much less enthusiastic about National than preference of Labour leader Bill Rowling were about Labour.

Muldoon may well be attracting voters to National, but in so doing he may also be unsettling old patterns and loyalties — not only of the other parties, but of his own.

Those leaving National, for instance, rated National's leaders very poorly.

They showed their preference in a very strong — far above poll average — endorsement of Social Credit's leadership.

In fact, Bruce Beetham has much cause for delight in the poll. Though he came third in the preferred Prime Minister stakes on October 3, Social Credit came a clear top in leadership ratings in the image poll, with a mean score of 3.44, compared with 2.97 for National and 2.57 for Labour.

And, though National attracted more highly favourable assessments of its leadership, Social Credit had more favourable ratings overall.

Continued Page 31

## Party loyalties

## Labour support firming — or so says Kapiti

By Colin James

AS the election approaches the Labour support has been firming. So say the two main opinion polls. And there is a little evidence to boot from *National Business Review's* 50-strong panel of Kapiti voters.

As measured in mid-year when the panel was set up, the movement between 1978 voting and voting intentions (or leanings) among the undecideds as at mid-1981 was a net switch to Social Credit, from Labour, through National.

Barry Brill appeared to have picked up voters from Margaret Shields, but lost others to Don Briggs.

Other movements were about even for the two main parties.

Since mid-year, Labour support seems to have firmed a little. One panelist has gone to Labour from Social Credit, one is now wavering between Social Credit (the mid-year choice) and Labour, one is leaning Labour after having had no view mid-year and one is toying with Labour after leaning National earlier.

National has picked up one who was Labour in 1978 but undecided in mid-year.

And Social Credit has been able to firm up only one of the mid-year undecideds leaning its way. He says he has had enough of the two-party system.

Few of the undecideds have made up their minds. A number insist they will wait to see what the parties have to offer during the campaign and one or two said they would decide on the day.

One long-term National voter still unsure how to vote says he is a Muldoon admirer, but is not sure about voting National because he hasn't much faith in the National MPs. Though he would "like to get away from National, he will probably end up with National, because of Labour's 'woolly policies'."

This was a recurring theme among National voters or panellists sympathetic to National.

"Labour's offering everything to everyone," said one. "I don't think they've got a chance."

The National propaganda seems therefore to have got across at least to its own supporters.

But maybe also to some wavering.

One of our undecideds said: "Labour is bringing out some things that are good but you don't know if they'll work. They all promise one thing and then mighn't carry it out."

And another who sounds as if he would like to vote Labour but is saying he will "wait to see who comes up with the most sensible scheme for the country" had this to say:

"I wish Labour wouldn't flout what they'll do and what they won't do — the experts come in and put people off."

"I wish Labour would come up with solid basic policies they know well, that they could stick to. They could be on the winning side if they did just that."

"People are looking at Labour's ideas and saying, 'But are they really going to do that? Is it really possible?'"

While Labour pushes its mountain of promises — to the apparent scepticism of some at least of those it wants to win with them — National has been offering a "growth strategy".

So we asked the panel what they thought of the growth strategy and whether they

thought Alusuisse's withdrawal from the Aramoana sneller would undermine it.

The answers were confused. Quite a few brought up "Think Big" as bad and thought small business should get a better deal. That should favour Labour and Social Credit, but there were some National voters among them.

Some had no idea what the "growth strategy" was. Most thought it meant only the big projects. Others were clearly getting the wrong message.

"At first I was all for it," said one National voter, "but now I think the money could be spent on other things, such as horticulture." (The authorised version is that horticulture is a vital part of the growth strategy.)

But the message has been getting through to some.

A number, including some Labour supporters, said they thought it was good because it would create jobs.

And there are the believers. As one National voter put it, "I think it is just one of those things you either believe in or don't."

As to the effect of Alusuisse,

few thought it made much difference one way or the other to the strategy.

On the strength of the answers we got, it doesn't seem the growth strategy will make a great deal of difference to voting among our panellists. They seem likely to make up their minds on other issues.

Was Prime Minister Robert Muldoon's performance at the Commonwealth Heads of Government meeting in Melbourne one of them?

It seems not. Opinion divided pretty much on party lines. Some National supporters tut-tutted — "No," said one, she did not think he represented New Zealand well, "he was too outspoken again" — but they showed no signs of wavering in their allegiance.

Others had already made up their minds. Some specified "Muldoon" as a reason for not voting National, but they had made up their minds some time ago, so the Melbourne performance made no difference.

One of those who said she had voted National before but now "I want the mob out," said she gets "wild about that man." He should not have

made jokes about the Zimbabwe Prime Minister, Robert Mugabe, because it "could split the Commonwealth."

But her reasons for voting Labour now were not Muldoon's manners. It was the depression-like conditions — lack of employment, crime, demonstrations.

An undecided voter sounded rather sad about it: Muldoon did not represent New Zealand well. "He didn't impress other leaders and he has been trying to whitewash himself since. I want people to think we are not a backward little country. The Prime Minister created the opposite effect."

Muldoon had his backers who thought he had done well. "He tries to put his point across and it works," said one. "That man does what he sets out to do."

But there was a tinge of ruefulness about some National supporters' endorsement.

One paused a long time before saying that "being the man he is," he had represented New Zealand well. "But a bit too loudly."

Slightly down on points for that one, it seems.

toher, Labour supporters tended to rate their own party better and their main opponents' party worse than National supporters.

This tends to underline Labour claims that, though it might be behind in the polls (by 6.5 per cent in the October 3 poll), its support is firmer than National's, making National more vulnerable.

Thus, going into the campaign, we might say:

● Social Credit still has the best image and Labour is better rated than National;

● But National heads Labour off on leadership and internal unity, notably in provincial cities where several crucial marginal seats are to be found;

● But National's leadership is not only rated highly but also attracts a high number of very antipathetic assessments;

● And National is itself not entirely happy with its leadership, particularly in the highest

economic level where the moneybags are to be found;

● Labour's support seems to be firmer and more consistently placed socio-economically than National's;

● But, though Labour does best in economic policy ratings, it is headed off by National among those rating strictly economic issues as the most urgent problems;

● There has been a general slight sharpening of impressions of the parties and a coincidental slight improvement, during which time National has lengthened its lead on Labour and Social Credit has slipped back;

● Those leaving Social Credit rate National better than Labour for unity, leadership and economic policies, suggesting National has logically benefited more from the slip-back than Labour so far — and might do so this month if it continues.



# The stolid, solid South — mainly Labour country

by Colin James

CITY of mists and miserliness — that's the way the foreigners think of Dunedin. And by foreigners I mean everybody north of the Waitaki river.

Dunedin is synonymous with stagnation. After the heady days of the gold rush canny Scots sat in their solid stone piles and counted their na' pennies.

And by and by money, industrialisation, commerce and power headed northwards. One by one the wealthy Dunedin businesses shifted their head offices north after the money, or were taken over — and closed down — by the smart money from Christchurch or, worse, Auckland.

Dunedin settled into learning and Labour. The university was the best. And Dunedin seats were sinecures for Labour time-servers.

Eventually fourth-city status was challenged by that Waitaki village, Hamilton.

To the south Invercargill, no less conservative, no less Scottish, but serving a rich hinterland unlike Otago's hilly terrain, thrived.

Symbolic of the difference is Invercargill's aluminium smelter.

As Dunedin has sunk deep into Labour, Invercargill has been more comfortable with National, letting Labour in only once in the past 30 years. If go-ahead equals National in a provincial city seat, Invercargill is the Hamilton of the South Island.

Even this year, with a knife-edge majority as one of National's six seats vulnerable to a less-than-1-per-cent swing, Invercargill has been rated third by southern Labourites as their target south of the Waitaki.

Partly this is due to the maverick quality of Norman Jones, the speak-his-mind idiosyncratic backbencher.

But partly, too, it is that Labour there has to be conservative to succeed.

JB Munro, who won it for Labour in 1972, had earlier organised for the National MP he beat, John Chewings. Aubrey Begg, the Labour candidate in Awarua who won in 1972-75 and managed an above-average swing in 1978, is a farmer who came to Labour because of the Nordmeyer Black Budget in 1958.

Idiosyncratic in his own way, Begg opposed his own Government on wool negotiation and his party on freeing up the meat freezing industry.

Putting the Labour Party together since 1978 has not been easy.

So, while the statistics say Invercargill must be one of the first to go Labour's way, insiders are more excited by Waitaki and Clutha.

Three years ago all eyes were on Dunedin North, which unexpectedly went National in 1975 when Richard Walls grabbed it on the retirement of Ethel McMillan, who had become a fixture in the place.

Stan Rodger set the record straight again for Labour with one of the biggest swings in the country and no one talks of getting it back again for National.

Walls and Rodger in their own ways lend some credence to assertions in Dunedin that the place is on the move.

Walls presided as chairman over a vigorous period of modernisation and streamlining in the harbour board which saw Port Chalmers emerge as

the country's most efficient container port.

The proposed Aramoana smelter is an additional symbol of regeneration. In the hinterland, the huge hydro-electricity development and planned afforestation also open the opportunity for the city to get on the move again.

That, says National, should make at least one of the Dunedin seats susceptible to National's appeal. That one is St Kilda, which was briefly National in the 1950s but has stayed tantalisingly out of its grasp ever since.

Nationalists have allowed themselves to hope for St Kilda this time, banking on what they claim is the too-wide mouth of Labour's new candidate, university lecturer Michael Cullen.

Cullen may have been indiscreet here and there. But he has now toned himself down a bit and should survive.

A factor in his favour: he understands organisation. Rodger's professionalism represents a renaissance Labour Party that was moribund in 1975. Cullen is one of its alumni, cutting his organisational teeth in Rodger's campaign.

Now the Labour Party has only Dunedin Central to be worked over. On present evidence that looks like happening next time round, by which time Brian Macdonald, an undersecretary in 1972-75 but unlikely to make a Labour Cabinet in 1982, will have had 20 years.

Front-runner to succeed him is 37-year-old civil engineer Clive Mathewson, an attractive, gently-spoken but determined former protégé of Wanganui MP Russell Marshall.

Front-runner for Dunedin Central, that is, if he does not win Clutha this time.

Labour maybe in Clutha

Mathewson carries Labour's best hope for winning Clutha for two decades or more. A young and vigorous organisation has built up around him. Branches, once dormant or so quiet they could not be heard, have reactivated in South Otago where it pays to be National or unseen.

Towns like Balclutha and Milton that have been given a once-over lightly each election by Labour — and at times not even that — this time have been canvassed.

And there is more fight in the Labour Party in Mosgiel than

at any time since 1972 when, as part of the Central Otago electorate, it was the key to a Labour one-term victory there.

Mosgiel, a dormitory town for Dunedin rather like Rangiora is for Christchurch, supplies about half the electorate's population, making it no longer a rural seat as it was in former Transport Minister Peter Gordon's day.

In those days it was Gordon's electorate. "Hias and roa" they used to call him, indicating that he was more words than action — but damn fine words and a damn fine joker.

Labourites believe that a sizeable chunk of his vote was personal and therefore winnable by a personable Labour candidate. Gordon's successor, Robin Gray, is by nature as he is by name, they glow.

Gray does not pretend to be high-profile. A Scot with a splendidly undisguised accent who worked his way into his own farm, Gray was far years a solid electorate chairman to Gordon and succeeded solidly to his due when Gordon went.

There are two views of Gray in the electorate and you can take your pick according to your prejudice.

One is that he is an efficient operator at local level, much more attentive than his predecessor and valued for it. Supporters praise his efforts for stricken farmers in the severely damaging '78 floods last year.

The other view is that he did not do nearly enough for the farmers and that he is almost invisible in the electorate.

The answer probably lies in the middle somewhere. He is undoubtedly conscientious, but he will never be a high-flier.

Mathewson, on the other hand, does have the potential to fly high. Handsome, intelligent and first learning the art of politics, he is one of the new breed of Labour candidate and MP who mix a pragmatic liberalism with social conscience.

He has a formidable task ahead of him. He needs a 4.5 per cent swing to win.

For him is the fact that in 1978 the swing was below average, despite a new National candidate, indicating some Labour slack to be taken in. Against that is the fact that Gray has had time to dig himself in.

On balance, Clutha would probably go to Labour with less than a 4.5 per cent swing nationwide. Gray starts ahead, but don't rule Mathewson out.

## Waitaki: just waiting for

Waitaki is, to some minds, a better bet for Labour than Clutha.

"As one Labour activist put it, 'we more or less did what we could to lose it last time and lost it by only 1300 votes.'"

The swing to Labour then was one of the lowest in the country, at under 1 per cent.

This may have been due to the Laney factor. Waitaki College master and Oamaru mayor Bill Laney had tried for the National nomination for the corresponding seat in the 1960s before taking the Oamaru seat for Labour in 1972.

By 1978 Laney's popularity had worn thin. With a fresh young face, farmer Jim Sutton from the chunk of the electorate north of the Waitaki

river, Labour hopes to win back 1978 deserts.

One place to win them back: Twizel. Under threat of extinction and with its workforce under march/og orders from a Government bent on turning over big projects to private enterprise contractors at the expense of the Ministry of Works force, Twizel should shift back from Social Credit to Labour.

But Twizel has been bleeding. According to Christchurch pundits, 2000-odd people have left the town, putting in doubt Labour's potential gain there.

Waitaki's loss is neighbouring Otago electorate's gain, giving Labour and Social Credit something to work on there in Warren Cooper's otherwise safe National seat.

# Normal for Norman: bucking the expected swing

INVERCARGILL'S outspoken, often outrageous but not often outwitted MP, Norman Jones, believes he can double his majority this election.

And as party faithful throughout the country — Jones is much in demand as a public speaker — coo in wonderment, the moustachioed Jones smirks and points out his majority is only 256.

A straight 0.8 per cent switch in allegiance from National to Labour would, if similarly translated in conservative Invercargill, see Jones back at his old job at the local community college where, among other things, he lectured on industrial relations.

But it may not be that simple. Jones has done more to put Invercargill on the political map than any southern MP since Ralph Hanan. North Islanders may not want to visit the place, but they know who its MP is.

He is also a hawk with a sense of humour. Delivering his right-wing propaganda, he stands apart from others delivering similar themes because he often displays sheer "humaneness" as well.

So when he makes remarks about freezing workers being "thick and stupid", as he did in Mosgiel recently, even his opponents are likely to dismiss them as "just Norman sounding off."

When challenged, he gave one explanation one day, while claiming his remarks had been taken out of context, and another explanation a couple of days later. That, too, was similarly dismissed.

He's also a spoiler for a fight. When he addressed students in Dunedin and told them he wasn't there to "kiss asses", he got the reaction he expected. Both sides loved it.

In the electorate itself, Jones

has been a worker. Although inclined to accept ministerial or departmental assurances at face value — he is a trusting man — he has proved a force to be reckoned with when aroused, as he did recently when departmental red tape held up a grant for a workshop for the handicapped.

His opponent this time is Dougal Soper, a 47-year-old union secretary with a solid Southland background, an important feature locally. Soper has not tried to match the ebullient Jones. Instead, his campaign has been quietly emphasising bringing people together again.

Soper has some anti-union prejudice to overcome, and the last thing he will want is any sort of dispute before the election. Like his leader, Bill Rowling, he impresses more on a face-to-face level than at meetings. Nevertheless, he has a ready wit.

Most important in what has been a lacklustre Labour organisation in the deep south, Soper is a born organiser. He swept into the candidacy without the trouble that tore apart the neighbouring Awarua electorate.

Since then, he has drawn the party together, and it should minister a good team on election day, something his predecessor, Aubrey Begg, was unable to do in 1978 when the branch was torn asunder by what has been called ideological differences but which was, in fact, bitchy infighting.

The Southland Trades Council president is doing some solid legwork around the electorate, which has not changed greatly in the three years, although with population trends in the city, it is likely to have become more conservative, and therefore more National-oriented.

## Don't expect finality

From Page 9

lift out and act on aspirations and needs of a frustrated society uncertain where it wants to go.

In such circumstances mid-style coalition-type parties like National and Labour cannot respond satisfactorily.

Then it is time for a leader — casting aside policy in favour of prejudice and the act of leadership — or a vacuum cleaner party; choices which favour the Prime Minister or Social Credit.

Representation in such a time is supplanted by or subsumed into the transcendental politics of instant communication between a public and its leader/party. Snatches of that surfaced in the Springbok tour.

So there are many currents flowing through this election. And thus one prediction is possible with confidence: whatever the result, it will not be final in the sense 1935 and 1949 were final. Settled party politics conducted through respected representative institutions is some way off yet.

## Labour really to try

Twizel apart, Labour's hope rests with Oamaru town — winning back 1978 deserts (Social Credit, having changed candidates, is not likely to be the force it was in 1978) — and countering anti-Labour feeling in the countryside.

Sutton, from all accounts, is a capable farmer and respected in the district. Such candidates are rare finds for Labour.

For Mattoola's Jonathan Elworthy, a leading backbencher who must be considered a candidate for a 1982 Cabinet, there are some plus points.

He is also, like Sutton, from across the river and from the landed gentry, which has made gaining acceptance in Oamaru town more difficult.

But with six years under his belt that should not be significant this time.

And last time farmers were hot under the collar about the Government's failure to buy, and develop for more intensive settlement, Hakataramea station.

Better farm product prices and quieter freezing works, the absence of drought and the beginnings of what could become a rich horticulture development on the river flats should also help.

Waitaki needs a 4.3 per cent swing to fall to Labour, almost exactly the same as Clutha. Even if neither goes, it will be fascinating to see which moves the more — and thus settle the argument among the pundits.

The response has pleased him, and disregarding national trends, Soper could surprise. In the past, the moderate trade unionist has proved the master of surprise in the even greater hurly-burly of trade unions and award negotiations.

One big unknown in Southland is the effect of the Springbok tour. Most Southlanders supported the tour, none more so than Jones. Soper as a former rugby club president and the father of Southland's representative fullback, found himself in a difficult position. His campaigning has not been over-enthusiastic, and he is distinctly the third option.

Nevertheless, his organisation is extremely enthusiastic and numerous workers are running an aggressive campaign at a grassroots level around city streets.

The same applies in neighbouring Awarua, where a straight 5 per cent swing against National would see

by a 53-year-old former grocer, Milton (Joe) Radich, who took an astonishingly high 2760 votes in 1978. Radich has an image problem, but should improve on his total of three years ago by perhaps 500 votes.

Where those votes come from could decide who takes the seat if there is no great anti-Government swing. However, as the battle warms up in Invercargill between Jones and Soper, Radich could suffer. His campaigning has not been over-enthusiastic, and he is distinctly the third option.

Nevertheless, his organisation is extremely enthusiastic and numerous workers are running an aggressive campaign at a grassroots level around city streets.

The same applies in neighbouring Awarua, where a straight 5 per cent swing against National would see

Labour in. But Social Credit has a reasonable chance of taking second place in this largely rural electorate, which has large chunks of Invercargill and the boroughs of Mataura and Bluff within it.

Sitting MP Rex Austin had a 2450 majority in 1978, but a strong campaign by Social Credit's Rex Henderson, a Winton businessman, should see him increasing the 4604 the league earned then.

Labour's 53-year-old railwayman candidate, Dick Fitzgerald, saved the party from embarrassment when he accepted selection following a debacle over candidates at a selection meeting late last year.

He should hold votes in suburban Invercargill with its young families, but Social Credit is claiming large support in such Labour-prone areas as Bluff. Thus, the battle between these



Norman Jones... one out on his own.

two parties will be an interesting one.

It should not affect Austin who is likely to coast home a comfortable winner. If Henderson dries take second place in Awarua, the only real pocket of league support in the South Island, the seat will be up for grabs in 1984.

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**ELECTION WATCH '81**

## Symbols of power in the anxious islands

by Les Cleveland

A FIRESIDE CHAT



WHAT THE IMAGE OF SOCIETY MEANS TO YOU - YOUR FAMILY - YOUR HOME - YOUR JOB



Three National Party versions of the family to suit the nature of the times. LEFT: Amid war-time austerity in 1943 it warned of the family imperilled by socialism. CENTRE: It described the 1948 election as "a family affair" and attacked Labour as "the shortage government". RIGHT: In 1984, after a term in power, it was

able to reassure the electorate about how well the family was doing. It quoted readings on "the barometer of prosperity" (more jobs, fewer strikes, more washing machines, refrigerators, vacuum cleaners and electric razors, radios, toasters, bicycles, bananas, building materials and nylon stockings).

ELECTION campaigns are part of a continuous struggle in which political parties and other organised interests compete for power and advantage. The campaign itself is a time of nervous courtship when the parties try to win electoral favour by marketing themselves in the most reassuring and flattering terms they can contrive.

Much ingenuity goes into the fabrication of manifestos, pamphlets, speeches, handouts, television advertising and all the familiar rhetoric of persuasion that characterises the three-yearly auction by which a convenient mythology of popular sovereignty, along with a remarkable degree of sluggish political stability, has been sustained in these anxious islands.

What's interesting about the current affair is the emergence of several different versions of what has gone wrong and what ought to be done about it. For decades the policies of the major parties have had a close resemblance to the varieties of detergent available at the supermarket.

They have different labels on them but they all do much the same things. With the exception of a very small eluder of radical groups at the fringe, all the contestants in the current election campaign share a common ideological assumption that some form of western capitalism, with some variety of constitutional democracy, is the most desirable kind of economic and political order, but they differ on how it might be made to work better.

In an important sense this is what the general election is about. The principal policies of the parties are attempts to come to terms with the economic crisis in which we are now floundering. Various pathways are being suggested as escape routes. They follow a number of different conceptions about the use to which power might be put and how the energies and talents of the electorate might possibly be deployed.

A political symbol is a representation that conveys some commonly shared and often very complex cluster of meanings. It may take the form of words (for instance the now hackneyed but once inspirational "God's own country" is a symbolic linkage of the national identity with a rather presumptuous kind of supernatural endorsement); it may be visual (television images of police as instruments of state power striking protesting citizens with batons dramatically symbolise the relationship of citizen to state); it may be a natural ensemble (consider the power of the sea, mountains, the rimu, totara, or homely cabbage tree and toi-toi as symbolic representations of a familiar landscape); it may be an institution (the Beehive, a department of state, or a local city council); it may be an emblem (the Crown, the flag, the design on coins); it may be a personality (the Queen, a cabinet minister, or your friendly MP); or it may take the form of song and dance (the ceremonial Maori haka).

Words like "freedom", "equality" and "justice" are the stock in trade of every political party and can be used as symbolic shorthand for whatever vague mish-mash of ideas and policies a speaker and an audience might construct in common. No matter that the word "freedom" might signify one thing to National Party supporters and other quite contradictory things to their opponents.

Such expressions are economical ways of presenting complicated ideas and emotions which the electorate may shop around in at its pleasure. When there is some consensus about what they mean, they become more useful.

Thus the label by which a party identifies itself usually symbolises a conglomeration of ideas and principles that the party has at some stage appropriated. For instance, the term "National" contains the ingredients of an integratory, patriotic New Zealand nationalism whatever the ragged contemporary remnants might be. "Labour" carries connotations of the class war and the

power of proletarian unity however much the party might now shrink from this blatant embarrassment. "Social Credit" holds a vague suggestion that the power of money might have some connection with the interests of society in general.

The validity or otherwise of such labels is beside the point. What matters are the responses they generate in the popular consciousness at various, shifting levels of meaning. On the one hand, symbols like National and Labour may have literal elements of meaning that can be defined with some degree of precision, but they also generate emotional currents that depend a great deal on the way they are presented.

Compare the analytic coolness of the words "National Party" in abstract print with the same words shouted enthusiastically to the stamping of feet and the excited applause of faithful believers at a well-staged party rally. Such expressions take on whatever meanings a whole universe of expressive connotations and emotional associations can impart to them.

In the propagation of symbols, the rhetoric of delivery and the style of presentation are everything, as a politician, or any seller of ice cream or Eskimos can tell you. But this requires talent. A feature of New Zealand political parties has been their lack of ideological sophistication and the poverty of imagination of the sort of elderly, ordinary folk who come to prominence in them.

Our party system is over-dependent on a traditional symbolism that now seems remote from our urgent collective need for cohesion inside some agreed framework of ideas that might equip us more aggressively for survival among a viciously competitive array of nation states who are scrambling to apply increasingly sophisticated technology to the exploitation of dwindling natural resources. Notice our failure to contrive anything more inspirational than the All Black jersey, the humble fernleaf and the pathetic kiwi as symbols of a feeble national identity.

No wonder our domestic politics are so unadventurously pre-occupied with attempts to insure us against change.

Over the years our election campaigns have been obsessed with the idea that somehow life can be made more secure and that jobs, homes, and standards of living can be guaranteed by adherence to the appropriate policies and remedies. The house and the family are the key symbols of this tradition of hopeful security and prosperity.

They often illustrate a concern for the common welfare and a determination to resist the threat of hard times at the consequences of incompetent government. They complement each other in a symbol system that is designed to arouse anxiety, alarm or fear about threats to the stability and prosperity of either of these institutions (see Page 35). Then those fears can be soothed by showing the happy family preserved in the comfort and affluence of the ideal home in a land made safe by the triumph of the particular party's proposals (see above).

The guerrilla warfare conducted by the parties in public debate, the criticism of policies and the ventures into character assassination that accompany

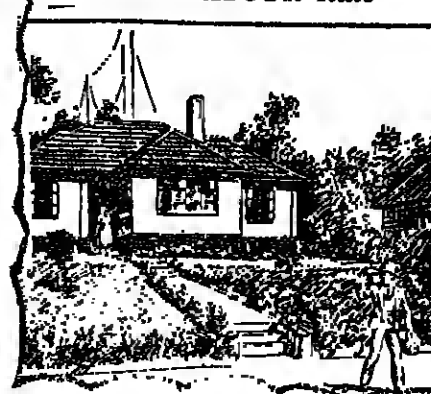
**ELECTION WATCH '81**

## Housing The People

Under NATIONAL Rule



Under LABOUR Rule



Fear and reassurance on the housing front. Labour's 1938 election pamphlet What NZ Labour Means to You made use of a graphic before-and-after treatment of its performance and policies and boasted that it would construct "the finest housing scheme in the world."

it, make use of this crude machinery of fear and reassurance.

Each party tries to label its opponents and their policies as injurious to the general welfare and likely to lead to disaster. It then tries to reassure and mobilise the alarmed and alarmed, as well as its faithful adherents, with assertions to the effect that only its policies will lead them along the pathway to salvation.

This rhetoric of fear and reassurance dominates all our election campaigns and is a symbolic substitute for more penetrating, sustained, objective discussion of actual problems.

In our present situation, inflation, unemployment and the consequences of a general decline in social services are tokens of apprehension that can easily be aroused. The opposition parties are able to indulge themselves in the allegation that these misfortunes are the results of National rule. National, however, is able to supply its own remedial proposals and to argue that its opponents' projects, if attempted, would lead to even more alarming consequences.

A discerning inquirer might be to some difficulty untangling truth from assertion, and even calculated hypocrisy, in all this because the issues, and their conflicting interpretations, are presented superficially in dramatised terms suitable for a mass electorate with little detailed knowledge of economic or political principles.

That electorate is dependent for most of its political information on the mass media which have the problem of relaying it in suitably brief, palatable instalments. It is a rudimentary principle of journalism that mass audiences do not take well to learned sermons, preferring a diet of light entertainment and sensation.

The drawback to this sordid actuality lies in the simplicity it imposes on public discussion. Complicated arguments about economic policy or about such imponderables as the present

government's energy policy, cannot be pursued beyond the level of superficial assertion and denial, allegation and counter-allegation. Debate is impoverished in a framework of mutual recrimination and is reinforced by the rigidities of party discipline which impose further constraints on the self-expression of participants.

The incapacity of the parties to stage a serious, continuous, constructive, public discussion of complicated issues on any conceivable question of major importance is a primary weakness of our political system. It is a chief cause of popular cynicism about its inability to come to terms with our recurrent problems by first reaching some common agreement about the use of power in the interests of the country as a whole rather than for the purposes of particular factions.

The symbolism of much party conflict is not only limited in its intellectual scope, but its pre-occupation with primitive adversary routines and the manipulation of popular anxieties makes it impossible to mobilise general support on a non-partisan basis for constructive purposes in the national interest.

Are the chief obstacles to political reform in New Zealand not so much the system's secretive elitism as the practices of the parties themselves along with those of the institutions in which they are entrenched?

Does not our national situation bear a perilous resemblance to that of the crew and passengers of an Air New Zealand jetliner locked in an acrimonious and unruly dispute over the hostess duty roster, or the handling of the passengers' baggage, to the wilful disregard of structural cracks in the fuselage, errors in the method of navigation, and the onrush of the entire enterprise towards imminent destruction on the icy crags of some inconvenient Erebus below?

Les Cleveland is a senior lecturer in political science at Victoria University.

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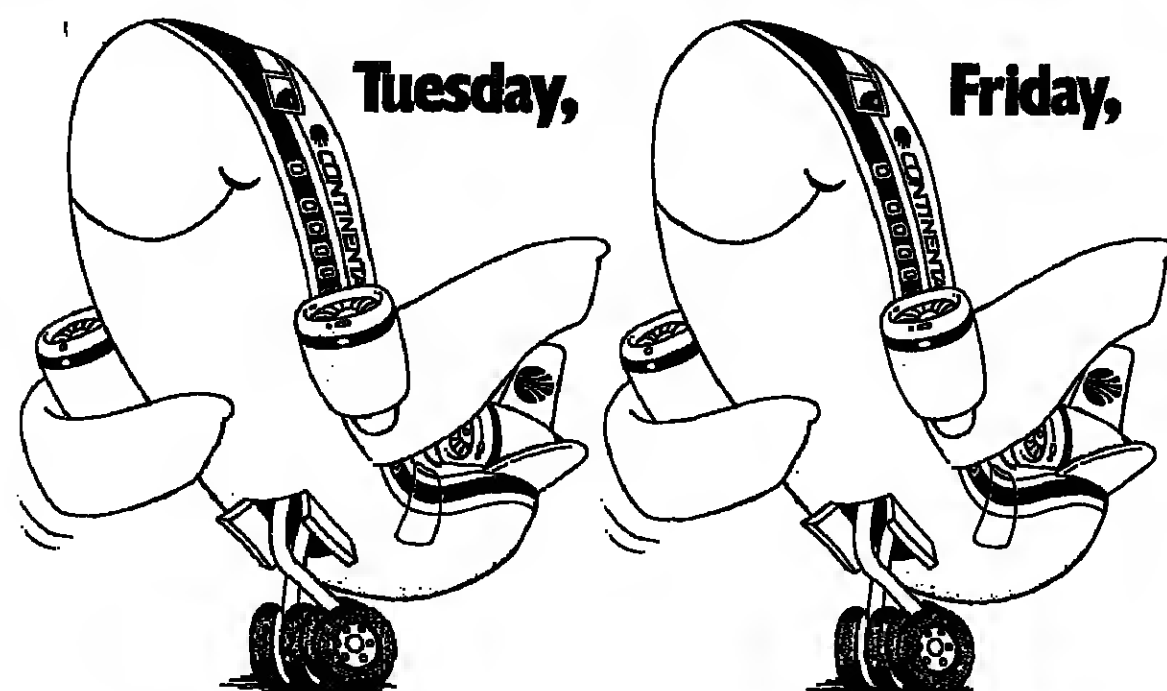
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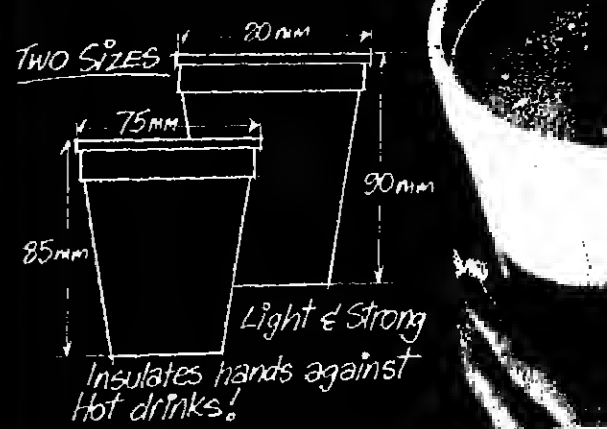
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DATA  
PROCESSING

## IBM parent company follows NZ example

by Stephen Bell  
THE New Zealand office of IBM may turn out to have had the right idea about the company's organisation all along.

A grand reorganisation in the United States head offices has drawn together all IBM's marketing and service organisations into one single entity.

Gone are the divisions between data processing, which

handled the larger mainframes, general systems, which took care of the small business machines like the System 34 and System 38, and office products, dealing with typewriters and word processing.

But the unified organisation will not remain for long. Early next year, the IBM amoeba will split again, this time into two.

Each of the two new United

States divisions will handle the full range of IBM products, the company stressed; they will be divided in some as yet unresolved way, according to the type of customer they serve.

Overseas sources have speculated that the division may be by size of customer — effectively the way the New Zealand operation has functioned for the past two years.

Locally, IBM organisation has always been rather different and control over which part of the company approached which client has always been tighter.

This has been a recurring problem overseas; GS and DP salesmen fighting for a customer, each with their own lines of equipment, which have progressively overlapped in power.

Both divisions then ventured into the "automated office" marketplace, trespassing on the office products division's ground.

Such inter-division clashes are widely credited as the chief spur for the present American reorganisation.

New Zealand, like other small countries, split its DP division into a general systems group, handling the GSD-type machines and a separate group

handling the DP range proper. But both were under a single manager, who could forestall potential conflict between the two teams when they had an eye on the same client.

Subsequently, cause for tension was further eased, by renaming the GS group the "new business" group, and allowing it access to the 4331 — the bottom end of the "DP" line, — should a first-time user require such a machine.

Thus effectively, we have a split in the local operation by size of customer requirement rather than type of machine — the very type of split which some IBM-watchers see happening in the United States next year.

An alternative theory is that IBM might decide on a split by geographical territories.

IBM president John Opel hints at another possible

realignment within the two new divisions. "The restructuring . . ." he says, "will put similar or related products under common management" (our italics).

This could imply a drawing together of the "automated office" products developed in the various original divisions, for example, and a co-ordination of disparate plans for the distributed processing market, an area coming increasingly under attack from rivals.

But we will have to wait until the end of the year before we know definitely what the "new IBM" will look like.

At present, the fusion and subsequent split is a definite plan only for the United States office. But a study group is being formed to determine implications for the Far East.

Americas division, which includes this country, said IBM.

## MDL local agent for Rockwell range

MICROPROCESSOR Developments Ltd, of Auckland, has been appointed local agent for the microelectronics products of Rockwell International.

MDL will be wholesaling Rockwell's "full range of com-

puter products," and will naturally also be incorporating Rockwell components into its own equipment, said managing director John Lovelock.

The second aspect of the move is a significant one in view of the recent growth of a local microcomputer industry, of which MDL is a leading light.

While firms should seek to incorporate as much local content as possible in their products, it clearly made sense to buy in what could not be made cheaply here, Lovelock told NBR a few weeks ago (NBR, October 5).

In its range of microprocessor components, Rockwell offers a second source of Motorola 68,000-type circuits, embracing four, eight and 16-bit word technology.

The longer word offers increased data processing power and versatility and the ability to handle larger amounts of memory.

The units currently available have up to 16,000 bytes of memory on a single printed circuit board along with the processing unit.

Rockwell has built its boards into computer systems, known as the AIM 65 series, but they are also available in "stripped-

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## Management

## Data dictionary more than just electronic guidebook

A DATA dictionary, as the name implies, is usually thought of as a way of finding one's way around the data stored in a computer system; as an item of documentation, aimed primarily at easing subsequent changes or additions to the system.

But the information which the dictionary contains — the description of data characteristics, relations among items of data and details of which programs use which data — can be a valuable aid to building the system, or even to designing it clearly in the first place.

This was the lesson of an address given by consultant John Fisher, at the recent ICL users' conference in Rotorua. Its relevance clearly extended far beyond ICL users and computer professionals in the "DP" department.

The data dictionary was convincingly presented as a tool to allow management to participate in the design of an information system which, incidentally, would be based on a computer.

"Data is an asset of the organisation, and like any other asset should be right for its purpose and kept under control," Fisher emphasised. The dictionary could be used from both management and DP perspectives to ensure the data organisation was right to begin with, to get it under control and to keep it under control.

The manager, or "end user", looking at the business system from their perspective could see clearly the "things" which were of interest to the business, "suppliers of goods, products, deliveries, etc," said Fisher.

Each such entity carried its own "attributes", such as size,

colour, identification number — the first two being, one suspects, more relevant to the product than to the other entities.

Each entity was clearly related to one or more other entities; a supplier to several products, customers to orders, orders to products.

"Using these three elements — entity, attribute, relationship — the user can describe the real world 'data model' of his business in terms which are not specific to any industry and are equally free from the implementation connotations of such terms as 'record' and 'item'."

Data dictionary terms thus provide, in some measure, the "half-way" language desirable for modern communication between user and information systems professional.

Naturally, the building into

the system of all entities, relationships and attributes would make the computer-based implementation unwieldy and complex.

Thus "the user must establish criteria to decide upon the most important relationships. The analysis of the operations necessary to support the required business functions, and the entities and relationships affected (by these operations) provide projected usage statistics on which implementation decisions can be based," said Fisher.

This order of systems implementation is the reverse of that normally practised; a more typical "systems design" procedure would:

- Decide the processing required;
- Decide the data needed for that processing;

Start collecting and feeding in the data.

The outcome of such a "design" is a set of "systems" specialised to the needs of one department; files designed for one application; commitment to processing these applications in series rather than concurrently — in short, a poorly integrated system which does not meet corporate needs.

Starting with the data, one could then proceed to define the operations which used those pieces of data; each operation in the formal system being a reflection of an event in the real world, such as a sale.

In one sense, Fisher later told NBR, the process could be seen as starting with events; the customers would not exist if there were not sales. But, nevertheless, the data provided the most convenient and logical "handle" with which to start defining the system.

Data, attributes, relationships and events were naturally defined in co-operation with the user. And once the system was defined, "you don't keep the definitions in a filing cabinet; you keep them in a data dictionary," said Fisher.

The data dictionary held not only descriptions of real-world entities and events, but details of their counterpart data entities and processes (systems, programs, modules) as implemented on the computer.

Redundancy of description and possible transcription er-

rors could be eliminated by describing each item once only, with links to all the computer records and programs which used that item.

Changes to the item description would therefore be propagated automatically through all record types which use it. Changes to programs were not so easy to propagate automatically; the dictionary could forewarn of all required program changes and assess the impact on the programming effort of, say, changing from a two-digit to a three-digit product code.

This impact could then be reported back to management, which would decide whether or not to proceed with the change. Such "maintenance" tasks often occupy a third or more of an installation's programming load. Anything that would streamline this process is welcome.

In designing "new" programs, the data dictionary could save considerable duplicated systems analysis effort by allowing retrieval of definitions already entered as part of existing systems development.

The dictionary could even hold formal data definitions in programming or database language.

In short, Fisher concluded, "to describe the data dictionary as a documentation tool, is like describing a Porsche as a means of transport!"

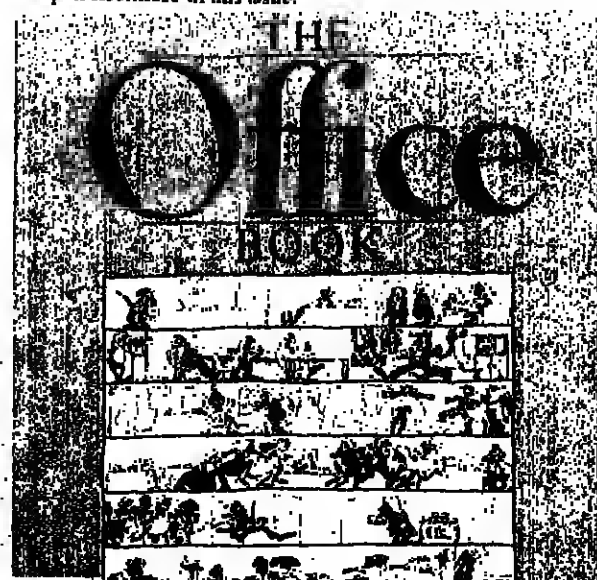
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DATA  
PROCESSING

## NZPO defends 'loose' packet-switching arrangement

THE Post Office would have found it impractical to lay down full details in last year's invitation to tender for the planned public packet-switched communications network.

Post Office spokesman Dave Richards made this claim, amplifying earlier remarks on the relative looseness of the agreement finally arrived at with successful French tenderer SESA (NBR, October 26).

At the time the tender request was issued, he told NBR, even the basic international standard for packet-switching — the X-25 standard — had not been fully agreed.

The Post Office was intent on providing its users with the latest standard, and had said so in the tender document, but obviously, at the time, details could not be specified.

The standard as finally established still has only a core of mandatory requirements, together with optional features of various classes, and it is the inclusion or exclusion of these features which is still under discussion with SESA.

Many of these optional features would only concern the Post Office and will not alter the appearance of the user interface to the network, said NZPO spokesman Brian Taylor, but some user-relevant facilities are still being settled, and the picture will not firm up until early next year.

At the same time as firm

specifications are established, the public will finally be given the news about tariffs.

While naturally declining to comment yet on costs, the Post Office men admitted they would be in the same "ball-park" as the just-released figures for the Australian packet network, Auspac.

Low-speed (300 bits/sec) information retrieval from databases through Auspac will cost about \$4 an hour, rising to \$6 an hour for 1200 bits/sec, says Australian Telecom.

Bulk data transfer between computers would range from \$1.80 for a million bits during peak hours, down to 85 cents a million bits off-peak rate.

For the adventurous user thinking of packet-switched office automation, an average A4 page of information would cost about 4 cents to send between two communicating word processors.

Figures of this order locally would mean great savings on current data transmission costs, but viability would depend on the expense of gearing up for packet-switching.

If the Post Office had tried to lay down firm tender specifications too early, it might have ended up at a disadvantage, missing out on options incorporated in the standard or in SESA's repertoire at a later stage, said Taylor.

The choice of options was to some degree limited by what

SESA could supply, but would be chiefly the decision of the Post Office, in consultation with the supplier, and, as far as possible, with prospective users, Richards said.

There was certainly no question of New Zealand getting a network which looked exactly like the SBSA-implemented French service, Transpac.

That had been put into service before X-25 had been firmly established, and did not incorporate the full standard as defined last November.

## ICL links up with Canadians on networking

THBRE has been no pause in ICL's effort to implement its new networking orientation with overseas help. The latest agreement, with Mitel of Canada, extends the office system's digital tentacles from the purpose-built local area network through the user's conventional office telephone system.

The British computer company has acquired the rights to Mitel's latest private automatic branch exchange, a purely digital model known as the SX-2000. Under the ICL umbrella, this will be relabelled the ICL DNx-2000.

Details of the equipment and its role in ICL networks are at present sketchy, but the equipment is unlikely to be seen in

As well as the risk of missing out on later features, too tight a specification might have led to higher costs, and distortion of the bidders' pricings. "They would have priced according to our specifications and inclusion of some non-critical feature might have cost us a bomb," said Richards.

Some of the options still in doubt were certainly desirable, Richards admitted — for example, the facility to "broadcast" the same message to several different recipients. "But any of the prospective suppliers could

have produced that if we said we really wanted it."

The different options on offer from various suppliers was not a material factor in tender selection, he said.

A feature which will definitely not be provided is the "datagram" mode; the ability to send a short, individually-addressed, "off-the-cuff" message; instead, the network will always have to set up some kind of "virtual circuit" in advance.

The datagram mode has a

full "address" of the destination appended to each "packet" of data, and is routed through the network without prior set-up, exactly like a letter.

In "virtual call" mode, the first packet has the address, and programs a fixed route into the switches, assigning a short code to the route. Subsequent packets only have to have the short code.

The physical network lines can still be fully shared among users, but there is less routing data or "overhead" attached to the actual message.

New Zealand for about another six months in any case, said a local ICL spokesman.

Although the Mitel PABX is described as "all digital", it is nevertheless capable of carrying voice; presumably voice traffic will be digitised, and this, together with peripherals such as ICL, is planning for attachment to the system, clearly makes it possible to store and forward digitised voice messages.

Identified as "peripheral" to the new PABX line are a range of existing and new pieces of ICL hardware; these include the ME29 small computer, the Content Addressable File Store and further electronic filing products to come, and, of course, the new DRS line of

networked mini and microcomputers.

The ICL networking plan, already embodying the conventional data transmission protocol IPA and the high-speed local area network, has now collected a third layer — the PABX connection — bringing digital data straight on to the office desk.

ICL is extending its network by merging data networking and telephone facilities in much the same way as Datapoint, the pioneer of local area networks, did with the release of its own PABXs earlier this year.

The technology already exists to feed voice and data input through the same telephone connection, but the ICL-Mitel

collaboration plans to carry integration further, with the design of two specialised terminals containing loudspeaking telephone, visual display screen and keyboard.

The profile of the system is in line with the predictions of local managing director Tony Neville, who spoke earlier this year of existing ICL products being "turned round" and assuming new roles within a completed jigsaw of information processing facilities.

Clearly, this is the use made of the ME29, with its vivid data software offering a flatter rich information link, and the long-neglected CAFS, with its potential for fast information retrieval.

## Agriculture

## Computer-aided cattle-breeding here for Malaysia

THE computer may be a little late in making its way on to the run-of-the-mill farm, but a bureau machine is playing a crucial role in one of our more adventurous livestock export efforts.

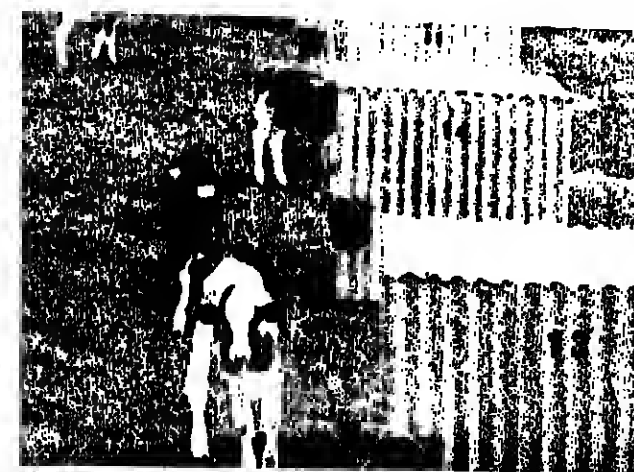
The Wallace Sahiwal breeding scheme, run by new Zealand Agriculture Exports Ltd, has contracts with the Malaysian Government to supply 10,000 19-month-old cross-bred calves a year.

The scheme, brainchild of local farmer David Wallace, cross-breeds the Sahiwal breed of cattle — accustomed to hot climates, but having a low milk yield — with local breeds yielding more milk. The result is an ideal breed of milk cow for countries like Malaysia.

The company, which has been breeding and rearing cross-bred cattle for more than 11 years, has also sent large numbers of heifers to Fiji, Australia, Samoa, South Korea and Tanzania.

The role of the computer, a Data General Eclipse S/130, is to keep track of thousands of calves being raised as part of the scheme on Wallace's own property and other farms scattered throughout the North Island.

A central databank prepared by Cambridge Computing Services, a Data General system supplier, tracks the locations of



Cattle ... computer-brad and Malaysia-bound

each calf, its weight, and growth pattern.

It also provides vital data for projected fattening programmes, which are needed to meet overseas shipping deadlines.

The data also enables the consortium to isolate calves which are falling behind in the fattening process — and put them on specially accelerated diets to meet the requirements of the customer, the Malaysian Government.

Because of the size of the operation and the need to keep an up-to-date track of each calf, David Wallace turned to the bureau services of Cambridge Computers.

Some 700 farmers manually

This enables the consortium to keep track of each individual calf, watch the growth pattern of the whole herd as well as prepare projected shipping dates.

Said Wallace: "Most of the herd we rear ourselves while others are consigned out to farmers in the North Island. After five months the calves are then brought back to Cambridge and relocated to be grazed and fattened."

"During this period we constantly have the cattle weighed to make sure that they are meeting the growth requirement set down by the Malaysian Government. The grazing programme is carried out for 14 to 15 months before they are shipped."

"The data gathered by the computer enables us to monitor the growth rate of the herds, as

well as provide us with an accurate insight to their growth pattern and breeding habits. This sort of data is extremely valuable to our operation in New Zealand," said Wallace.

The Cambridge bureau machine is situated only a few miles away from David Wallace's 3000-acre property. Said Cambridge DP manager Ron Taylor: "The database is providing an insight into the development of the total herd. It is also providing vital information to the Malaysians constantly monitoring the growth of the cattle."

"Print-outs on the entire herd are regularly sent to the assistant director of veterinary service in the Malaysian Ministry of Agriculture."

"The New Zealand farmers who are taking part in the Sahiwal breeding scheme are mating their surplus dairy cows

with Sahiwal cattle which are scattered throughout the North Island. It is therefore important that we have one central collection point for information," said Taylor.

South-east Asian countries, particularly Malaysia, are developing a smallholder scheme in which the government concerned helps farmers to purchase cross-bred heifers from Wallace.

The Malaysian farmers are being sold only one Sahiwal cross heifer each because of the shortage of available cattle. As these New Zealand-bred heifers come down the Malaysian farmers will milk them and sell the milk to the local collection centres.

During the next few years the David Wallace consortium will require large numbers of cross calves for shipments to the Philippines and China.

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